

A new twist in aesthetic medicine: ALPHAEON sets its sights on Europe

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Wendy Lewis talks to Teoxane Founder Valerie Taupin about her partnership with ALPHAEON



Newport Beach, California based ALPHAEON™ Corporation (alphaeon.com), a wholly-owned subsidiary of private equity investor Strathspey Crown Holdings LLC, is on a mission to break new ground. A self-proclaimed ‘lifestyle healthcare company’, they are making their mark by acquiring innovative technologies and products that, in their words, ‘promote patient wellness, beauty, and performance’.

In the ALPHAEON model, physicians own a substantial share of the company, and they are the ones who decide which products to acquire or develop, based on their clinical practices and years of expertise. The decision-making process is put back into the physicians’ hands, which seems to be striking a chord with many of them.

Doctors as investors

American doctors are growing frustrated with the prognosis of The Affordable Care Act, called ‘Obamacare’, which is causing them to look for new ways to maintain their income in light of changes in payment schedules from insurance claims. This is a great motivator for doctors to look favourably on a self-pay model, especially one that is promising freedom of choice and big returns.

ALPHAÆON has positioned itself to capitalise on the fears doctors have of being squeezed financially and losing control. In the US at least, the proverbial Bermuda Triangle of health care includes Stark Law, HIPAA, and the dreaded Sunshine Act. Stark Law governs physician referrals and payments for those practices, HIPAA (Health Insurance Portability and Accountability Act) regulates patient privacy, and the Sunshine Act requires manufacturers of drugs, medical devices, and biologicals that participate in US federal healthcare programmes to report payments, gifts, trips, and even meals given to physicians and teaching hospitals. Physicians are expected to be transparent to anyone who asks — including patients — about the sources they rely on for information about medical innovations and new evidence, their role in medical research, and any relationships they have with industry that could affect their decisions.

This increasing level of regulation has instilled growing contempt for the eroding power over the way they practice in the hearts and minds of physicians of all specialties. Although most aesthetic practitioners are not directly impacted by the sweeping changes in private insurance and Medicare, ophthalmologists are the hardest hit, and the new laws are affecting the healthcare industry as a whole. So it's no wonder that ALPHAÆON is attracting board-certified specialists in their areas of expertise who strive to provide high quality care to their patients.

Leading cosmetic dermatologist Mary Lupo, from New Orleans, Louisiana, was Investor #4. 'There were four dermatologists, all women, who were among the first 10 investors,' she said. 'I saw this as an opportunity for me to invest in something that I could have active involvement in, rather than being just a passive investor. I was also motivated by what is happening with regulations that continue to micromanage how companies can interact with their physician customers. My interest was originally borne out of frustration with that climate, and by being told that I cannot be paid fairly for what my time away from the practice is worth. We are about to undergo a seismic change in this industry and this will be a platform where we can still have innovation because the government will not be our customers. When CMS (Centers for Medicare and Medicaid Services) is a payer, it dictates the rules.'

She continued, 'I was intrigued by the excitement of working with leading plastic surgeons, facial plastic surgeons, and oculoplastic surgeons, who I have much more in common with than dermatopathologists, for example. By being involved in a company like ALPHAÆON, we can bring innovative products to market for the cash pay sector of medicine. We are a few years ahead of where I thought we would be at this point, and I am impressed with how quickly ALPHAÆON is making acquisitions. I feel like I have more control about how my future will be guided, and I am very impressed with the forward-thinking of the early investors.'

ALPHAÆON investor and General Partner, Louisville, Kentucky plastic surgeon M. Bradley Calobrace, is equally frustrated with how practicing medicine is changing.

'ALPHAÆON represents, for me, the ability to reestablish a positive relationship between the physician and industry manufacturers and product vendors. That relationship has suffered due to the ever increasing restrictions on the ability of our vendors to maintain close ties to their customers. The partnership between the physician and the industry has been critical in product innovation and expansion of new ideas in the lifestyle healthcare arena,' he said.

'Physicians find themselves relegated to pushing the products industry has acquired or developed, but we really have not been at the table helping to innovate the products or to decide which products, devices, or procedures will benefit the patient best. The physician's role has been diminished, and I think patients suffer because of it. By focusing solely on lifestyle healthcare and fee-for-services only, with no third party payers, we have re-engaged the physician back into the equation,' said Calobrace. 'It just makes sense.'

The Teoxane marriage

The first major entrée into aesthetics for ALPHAÆON was an agreement forged with Teoxane Laboratoires (teoxane.com) of Geneva, Switzerland, in August of 2013. As part of the relationship, ALPHAÆON will market the full line of Teosyal® hyaluronic acid-based dermal fillers and cosmeceutical products to credentialed physician specialists. Physicians and industry experts alike have long pondered on when Teosyal fillers would finally hit US shores.

As Teoxane Founder and Chairwoman Valerie Taupin explained, 'We had offers from very big companies to be licensed in the United States, but I was not so much interested to work with a very big company. I like to work with companies that are like mine, where there is a founder. To speak from a founder to a founder of a company is important because we speak the same language. I saw a lot of business models presented to me, but they all copied the way other big companies are doing it. I had even considered opening my own subsidiary in the US until I met ALPHAÆON.'

‘The ALPHAEON model was new and a lot of US key opinion leaders were also shareholders of the company. It was the first time I had seen such an innovative business model. I decided to work with them, and I am very happy after more than 1 year already,’ she continued.

Mme Taupin has a proven track record of two decades in Europe to live up to. Ten years ago she founded Teoxane after developing a reputation as one of the few female players in the dermal filler category. She was a co-founder and CEO of Lea DERM Laboratories, a subsidiary of Corneal Group in Paris, that had the rights to Juvéderm at a time when the market was much smaller and without the competition there is now.

‘I decided to open my own company because I wanted to have control over research and development and the manufacturing process. If you don’t make the product yourself, you are always at the mercy of the manufacturer to get things done,’ said Taupin.

Fast forward to 2014 and Teoxane now has over 16 products, including the classic range and a full range with lidocaine, and PureSense Redensity I and II for skin rejuvenation that are non-cross-linked and semi-cross-linked, respectively, with a skin-loving cocktail of antioxidants, amino acids, and vitamins. The products are currently marketed in 80 countries and 4.8 million syringes have been injected worldwide. ‘When Teosyal will be available in the USA, we still do not know,’ she said.

It cannot go unnoticed that Taupin has exquisite taste. Her eye for detail and strikingly beautiful packaging is unmistakable, and has contributed to building a brand with the distinctive look and feel of a couture fragrance label. Taupin originally launched her skincare range in 2009 with three products, and they have been developing additional products ever since.

‘Our filler range is composed of 21 products and ALPHAEON will launch the skincare range in the US under the brand name Teoxane RHA™ (Resilient Hyaluronic Acid). We put the technology of our fillers in our skincare formulas: our patented RHA™ Technology plus a complex of restructuring ingredients providing powerful antioxidant protection and revitalising action. We offer a targeted response to visible signs of skin ageing,’ said Taupin.

There is no doubt that Teosyal has its share of loyal devotees. In fact, some American physicians are known to have been importing the products under the radar into their clinics for years. Munich dermatologist Elisabeth Schuhmachers has been working with Teosyal products since 2005. ‘I have the whole range in my practice. My favourite fillers are Global Action for medium–deep nasolabial folds, earlobes, and for finishing up a deep filling, and Ultra Deep for restoring volume in the cheeks, chin, and temple area is a very good, long-lasting product that lasts up to 18 months, sometimes even longer. I also like Deep Lines for treating deep nasolabial folds and marionette lines.’

Taupin is especially proud of her newest Teosyal innovation, Redensity II, which was developed for the tear trough and periorbital area. ‘We have had huge success with this product because this is the first product specially designed for this area on the market; it is a very difficult place to inject,’ she said. ‘When you are also a woman, you have a greater ability to put yourself in the patient’s place, looking with a different eye and point of view.’

Schuhmachers agreed. ‘Redensity II is very soft, doesn’t bind too much water so there are no puffy eyes, doesn’t cause a Tyndall effect, and contains a dermo-restructuring complex. Redensity I is a non-cross-linked HA with dermo-restructuring complex to enhance the natural glow of the skin. It causes a lifting effect because it is redensifying the skin. It can be used as a finish after any filler treatment or alone for face, neck, and décolleté, but I use it also for the arms, belly, and knees,’ she said.

Fillers with a high safety profile are a big plus in Europe, where new products are launched at every congress with minimal clinical data and physician trial. As Schuhmachers added, ‘The Teoxane fillers are produced in Geneva, Switzerland, and all production steps happen under one roof. The law for medical products in Switzerland is very strict, which guarantees high quality, safety, and standards. For me, the Teosyal fillers are the best on the market and are always my first choice.’

Brand building

Along with the Teosyal suite of dermal fillers and Teoxane Cosmeceuticals, there is a growing list of other products in Alphaeon’s tool chest as it forges its way head on into the ‘self-pay’ or ‘elective’ sector of medicine. But they do not have US Food and Drug Administration (FDA) clearance for the fillers yet, and their Korean toxin is still quite a long way off.

The lengthy FDA drug review process begins with the pre-clinical phase that can take 3 or more years¹. If a drug gets the green light, it will then enter three phases of clinical trials.

In addition to products for clinical use, ALPHAEON also aims to deliver products and services to help practitioners run their practices more effectively. One of their main focuses lies in technology platforms and patient education vehicles. For example, in October 2013 they acquired TouchMD, an interactive software platform that helps physicians educate patients before, during, and after the consultation to help increase conversion rates. As Lupo said, 'I am excited about the interactive capabilities of TouchMD technology that will be very valuable in day-to-day practice. The HD platform for ophthalmology is also very promising.'

ALPHAEON moves into the EU

Many American doctors are pretty sophisticated in how they run their businesses, often employing full-time business managers and enlisting accountancies to oversee their holdings and look after the bottom line. In addition to thriving medical and surgical practices, it is common for aesthetic physicians in the US to join group practices, operate separate medspa entities, add lucrative retail verticals including their own eponymous skincare brands, and maintain clinical research facilities. However, European physicians are more inclined to spend their entire careers in low-tech solo clinics and maintain a clinic at a hospital or university. Many work from a clinic that comprises a small office, one or two consulting rooms, and a single receptionist or assistant.

In light of the inherent cultural differences in the way European physicians operate their clinics as compared with their American counterparts, launching the ALPHAEON model in Europe may have its share of challenges, but only time will tell.

'While there are different laws and nuances in each country, we believe our global strategy is consistent with the ALPHAEON MD approach. We plan to localise our offering commensurate with each nuance in each market. We have several modules/offerings within the ALPHAEON MD platform; we will find that in some countries we will launch all of the modules and in others we will only launch some based on requirements and market needs,' said Robert E. Grant, CEO of ALPHAEON.

According to Plastic Surgeon Per Heden, founder and partner of Akademikliniken, Europe's largest private plastic surgery hospital, in Stockholm, Sweden, 'I am one of only a few physicians outside the US who is a founding member in Strathsprey Crown/ALPHAEON. The Sunshine Act is already affecting doctors outside of the US and it will all increase; rapidly focusing on the self-pay market makes life so much easier. To have important key opinion leaders (KOLs) involved in ALPHAEON means that due diligence and future investments will become much easier with input from people who know the business from the inside. And this valuable information is achieved free of charge.'

ShoutMD

A vital component of ALPHAEON's strategy is to generate patient referrals through online ads that direct consumers to the company's shoutmd.com website to read up on procedures and products. ShoutMD, and the app available from the iTunes Store, is defined as 'a unique crowd intelligence platform that allows physician specialists to share insights, start discussions, and collaborate with peers to improve the patient experience and outcomes'.

Another cog in the ALPHAEON wheel that is promising to be all things to all doctors, is to offer practice marketing and management services. According to Calobrace, 'ALPHAEON is dedicated to partnering with board-certified lifestyle healthcare providers and helping them to be more successful. That includes helping them run a more efficient practice, partnering in marketing strategies, and educating the public on finding a board-certified qualified lifestyle healthcare provider (the ALPHAEON Doctor). This company really is 'Of doctors, For Patients'.'

So how many physicians are on board to date? According to Grant, 'Currently there are more than 500 ShoutMD members, and we anticipate within in the next few years ShoutMD membership will exceed 10000 globally.'

It has been reported that ALPHAEON may be looking towards an IPO in 2014.