



Fribourg

## The blood test spin-off

Medion Diagnostics, located in Düdingen expands his position in immunohematological applications

► MARC BENNINGER

That evening champagne corks went flying through the air. In August 2005, the then German-owned company, Medion Diagnostics, based in the canton of Fribourg, in Düdingen, was on the brink of moving to Germany. The owners had decided to transfer in a first step the logistics to Wiesbaden. «It was then or never. We had to make a move or the whole company would have been dismantled», remembers Peter Schwind, who joined the

company in 2002. So when the German directors of the mother company, Dr. Schmidt Biotech, left Düdingen that summer evening, having accepted the management buy-out that the new owners Peter Schwind and Joe Wilms had urgently been planning in the months before, the mood was definitely buoyant. «We took a big risk. But it is paying off in the long run», he acknowledges today.

Two years later, Medion Diagnostics continues to strengthen its position as innovative manufacturer of diagnostic tests used for immuno-

hematological applications worldwide. The company has been licensed by the FDA (Food and Drug Association) since 1991 and manufactures a range of over 100 products (Antisera, Reagent Red cells, Enhancers and Instruments) sold in about 30 countries. The major markets are Germany, Switzerland, USA and Japan. Their products are mainly supplied to hospitals, private laboratories and blood banks. Alongside this core business (approximately 90% of their sales in Immunohematology), the company has developed new technology. Pro-

ected by several patents, their «MDmulticard» is the only technique in the world that can determine 10 blood groups in 5 minutes requiring only 2 manipulations. The first card of this product line, designed to determine ABO, D, Rhesus subgroups and Kell, is CE licensed and generates almost 10% of their turnover. «We've been reinvesting in Research & Development since 2002. And it was one of the main reasons we decided to go for the management buy-out», says Peter Schwind. The «MDmulticard» market is growing steadily. By 2010, it should be making more than 30% of their turnover.

Their evolution is even more exciting when you discover where they have come from. Prior to 2005, the German affiliated Medion Diagnostics was losing ground in their traditional market. «We went through a difficult period», remembers Marianne Hostettler, who has been working for the company since 1987. The core business was losing momentum and the «MDmulticard» was not ready. «That's how big our risk was», underlines Schwind. «So we decided to restructure the company's production processes». In focusing efforts to avoid further headcount reductions, the employees / departments had to become more flexible. The different production phases have been rationalized. Furthermore, the optimization has been achieved by multiple tasks sharing of all employees. The results are astonishing: not only have the core business sales stabilized, but they are gaining market segments while the costs could be reduced significantly. The distribution network is expanding continuously and the company is on the verge of founding new affiliates. And with the «Multicard» selling well, the future is looking bright for the 39

employees, located in the Swiss home-base (36) and an affiliated branch in Germany (3).

Looking back over those difficult years, Peter Schwind has no regrets. «We always were against the idea of moving to Germany. Switzerland is an ideal location for the whole added value chain of our company. Our business needs highly qualified people. Swiss schools are amongst the best in the world and the political and economic situation is very stable. People are very committed. They don't go on strike and agree to work hard if given good conditions», analyses Peter Schwind. If profit is needed, their turnover is low. Walking round the plant confirms the statistics. Numerous employees have been working for the company since many years and there is a family atmosphere about the place. «The know-how of our people is so important to us. I often hear complaints about the high salaries in Switzerland. But they forget the other factors which contribute to the real costs of an employee», says Schwind.

Located in the German part of the canton of Fribourg, the Medion Diagnostics headquarters looks like three aluminum boxes with large, shuttered windows, looking out onto the nearby motorway linking Lausanne to Bern. Go inside and the hygiene and security standards are high. In addition to their FDA License, they are ISO 9001:2000 and 1385:2003 certified. «We have enough space here for new production units. And the networking across the canton is very good. We have excellent contacts with the state and business promotion units. They helped us not only in consulting but actively supporting and facilitating administrative procedures. And last but not least, the tax situation is interesting here», says Schwind. He also

admits that the company has good relations with other companies in the region, the local organizations and political responsables. Since 2005, the risk factor of his business has reduced significantly. «Our sales are going well. We have plans for more expansion», he admits. Marc Benninger

### Built on 60 years of tradition

The idea behind Medion Diagnostics emerged 60 years ago when Dr. John Elliott, Director of the Dade County blood bank in Florida, managed to reduce the incubation time for a blood group from 1 hour to 2 minutes. He used the brand name Dade and developed the first commercially available reagents for typing and grouping blood. The success was immediate. Needing new production formulas, Elliott decided to collaborate with a Swiss doctor named Merz. Together, they founded Merz & Dade AG in Bern/Bümpliz in 1955. Having developed new red blood cell products since 1960, their manufacturing needs grew again. So when the American Hospital Supply acquired Merz & Dade AG in 1977, they moved to the newly built and more spacious Düringen plant. Between 1986 and 2001, the company was integrated into the Dade Behring Inc. following a number of mergers. They then became German in February 2001, when Dr. Schmidt Biotech acquired the Immunohematology business from Dade Behring and founded the new company Medion Diagnostics GmbH. Eventually, the legal entity has been transferred from Munich to Düringen in February 2006 after Managing Directors, Dr. Peter Schwind and Joe Wilms bought the company. mb

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