

JEAN-CLAUDE HAVAUX (ZENTECH)

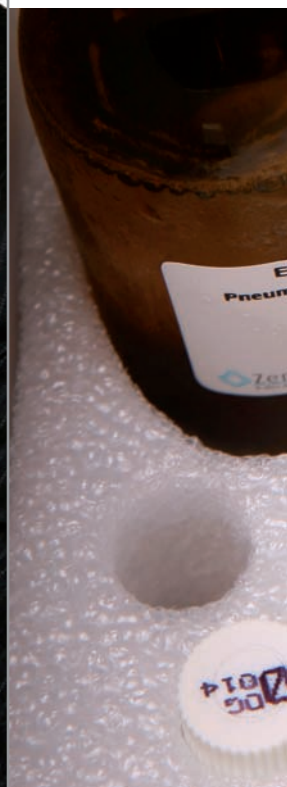
In many projects, the “human factor” is important

Zentech is on the up. The Liège-based biotech company, which specializes in the development, production and marketing of diagnostics kits for foetus, newborn and very young children, is in the process of finalizing a new fundraising operation that should bring in 4.5 million euros in fresh funding. Its development plan involves setting up a new base in Malaysia.

by Madeleine DEMBOUR



IMPROVING THE HEALTH OF CHILDREN IN THEIR FIRST WEEKS OF LIFE IS AN EXCITING AND MEANINGFUL CHALLENGE.



November. The headlines are full of the financial crisis, but Zentech is thinking about increasing its capital. The Liège-based biotech firm is finalizing a new fund-raising operation that should inject 4.5 million euros in fresh funding. The range of tests developed by Zentech, which specializes in diagnostics kits for foetus, newborn and very young children, includes screening for Down's syndrome, neonatology test and type 1 and 2 diabetes.

Going beyond the small SME stage

"Our development plan is resolutely ambitious," explains Jean-Claude Havaux, who knows the company inside out, having joined in 1985 and taken the helm in a management buy-out in 2000. "Why so much ambition? We want to go beyond the small SME stage and have a presence in all areas, reinforcing the commercial field", he explains. The target is the ASEAN nations, where Zentech is already active through its Vietnamese subsidiary, (Malaysia, Thailand, Vietnam, Laos, Cambodia, the Philippines and Indonesia), a region where the majority of births are concentrated. It is also experiencing a significant increase in living standards and a consequent increase in the opportunities to test children. This is the reason for the plan to establish a head office in Malaysia. These plans to expand into Asia are not the only "drivers" behind Zentech's search for capital. "In our

market, we have to provide a complete 'package', a bit like companies in the automobile sector that offer complete ranges of cars," says Jean-Claude Havaux. "The fundamental research is carried out by the universities, with which we have active partnerships. Our responsibility is development, to which we dedicate around 12% of our revenues, in the same way as the leading pharmaceutical companies do".

Jean-Claude Havaux also says he is "on the lookout for external growth operations", which could complete the company's technological arsenal on the one hand, but also accelerate its growth. Another vehicle for growth will be recruitment, sometimes of people with a very specific profile, who are not always easy to find on the Belgian market. The 'Business Plan' calls for the recruitment of 25 people for the Sart-Tilman site near Liège, and 15 people for the Malaysian head office.

Currently, Zentech's shareholders are as follows: the founding executives own 54.1% through their Morpho holding company, while the SRIW (Wallonian Regional Investment Company) and Unibra own 14.7%, Meusinvest has a 8.1% stake and 8.4% is in the hands of a private investor. With the exception of Morpho, all the shareholders have agreed to contribute to the new share issue, with the balance coming from various investors and specialist funds.



Michel MORANT,
University of Liege interface

Three questions for Michel MORANT

Some Walloon start-ups are afraid of rapid growth. What made Zentech decide to take the fast lane?

To continue to exist, a company must develop and grow. Sometimes that requires a large financial injection, which can call the founders into question. The role of the founder must therefore be clear from the start.

Zentech has fully involved itself in the BioWin project: what lessons can you draw after two years of life in a competitiveness cluster?

The impact of the clusters will only be tangible in a few years. But they allow a revolution in intercompany contacts, which had been rather weak before. For SMEs, the preoccupation with excellence sometimes overshadows more "down to earth" projects. They need to focus more on projects that are closer to their core business.

Zentech works a lot with universities: what lessons have come out of this experience?

The critical factor is the relationships between people, the trust between interlocutors. The universities need to be able to push the proof of feasibility of their discoveries farther. Then the companies would be more confident in signing contracts and the universities could negotiate from a stronger position.



Company profile

Company: Zentech

Date of incorporation: 1985 – MBO in 2000

Sectors:

- Clinical biology diagnostics
- Prenatal
- Neonatal
- Pediatrics ← 14 years old
- Development, production and sales

Number of employees: 43

2008 turnover: 4.7 million euros

R&D: 500,000 euros

Exports: 90%

ZENTECH
Liège Science Park
Avenue du Pré-Aily 10
B-4031 Angleur-Belgium
Tel: +32 (0)4 361.42.32
Fax: +32 (0)4 367.00.63
info@zentech.be - www.zentech.be

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Being a manager means ...

1. **1. Trusting**
This really is essential for a growing SME. There are now 43 of us and we are planning to recruit 40 new people over the next five years (25 in Belgium and 15 in Asia): you can't do that without trust.
2. **2. Facilitating**
By temperament, I'm not someone who goes into minute detail, but more someone who works on big objectives, the general vision for the company. We have brought in a Managing Director, Patrick Poty, to work more on the operational side.
3. **3. Promoting curiosity as a value**
This is a crucial factor when I recruit someone. It's also a value that constantly motivates me personally. In our sector, you cannot focus only on technology, you have to know the "biotope", you have to understand the market's expectations.
4. **4. Expressing yourself clearly when you delegate**
There comes a time when you cannot do everything yourself and you have to delegate. However, you have to make sure that the other person has understood what you mean, because words do not always mean the same thing to different people. This is an essential criterion for success in an SME.
5. **5. Not reducing everything to pure technology**
In many projects, the human factor is important. In my life, I have built up many long term relationships by spending evenings with people and not talking business.... This also means you can improve your knowledge of the market

"By going to our 'historical' partners, we are trying to protect ourselves from the vagaries of the banking market. Considering our sector of activity, we remain relatively insulated from the crisis that is affecting the major industrial sectors..."

Success comes from "market" orientation

This confidence is supported by a good working knowledge of the market. For example, the Vietnamese commercial office, set up in 2003, which will generate around 600,000 euros in 2008. "Since the office was set up five years ago, I have been in Vietnam very often and I see how things are actually done. This is what gives me confidence about our impending new office in Malaysia, which will be a 'cut and paste' of Zentech's Belgian headquarters. To make this Asian operation a success, we have to keep our ears to the ground and see how things work. In concrete terms, I am going to Malaysia next month and I intend to take my time, to get a bit involved in life on the ground so I can get a better feel for the market..." This 'market analysis' aspect is really what is lacking in the majority of innovative companies, believes Jean-Claude Havaux. "In Belgium and in

Europe, it is generally very difficult to make money from innovation. We have very good universities and excellent spin-offs but we experience real problems when it comes to hard selling. It's quite logical that the founder of the company, who is often a researcher, and who spends years working his fingers to the bone to develop his company, finds it UNBEARABLE that one day he has to allow people in and dilute his ownership. But this is often what is required in order to put together a staff with this "market" orientation. The head of Zentech is half Italian and describes himself as multi-cultural. "I'm a convivial type. You mustn't reduce everything to pure technology. In many projects, it's the human factor that's important. In my life, I've built up many long-term relationships by spending evenings with people and not talking business..." Besides business and turnover, the thing that motivates Jean-Claude Havaux in his professional life is to be involved in improving the health of very young children. "Making it possible to improve the health of children in their first weeks of life is an exciting and meaningful challenge. I'm very proud that Zentech is part of this adventure." ■



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A helping hand from Europe

The development of a new kit costs between 100,000 and 150,000 euros. Some European subsidies are available to provide finance to limit the risk. So Zentech's activities include participation in certain projects of the European Framework Program for research and development. Like other Walloon companies, Zentech has benefited from the advice of the team at the National Contact Point for Wallonia (NCP-Wallonia)

which provides a link between the European Commission, the research centers and Walloon companies (small, medium or large) working in the field of research and innovation. This team of professionals offers its free services at each stage of your project.

More information? +32 (0)10 48.50.39, ncp-wallonie@uwe.be, www.ncpwallonie.be