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EXCLUSIVE, FUNCTIONAL FORMULAS

ymogen, a family-owned, health sciences and nutraceutical company, based in Orlando, Florida, provides high-quality dietary supplements and functional food products in the areas of lifestyle, women's health, men's health, cytokine balance support, adrenal support, cardiovascular health, blood sugar support, body composition, immune health, sports nutrition, antioxidants, bone health, detoxification, es-

AT A GLANCE XYMOGEN

WHAT: A health sciences and nutraceutical company

WHERE: Orlando, Florida

WEBSITE: www.xymogen.com

sential fatty acids, and probiotics. Xymogen

was founded in 2003 by its President and CEO, Brian Blackburn, on the premise that dietary

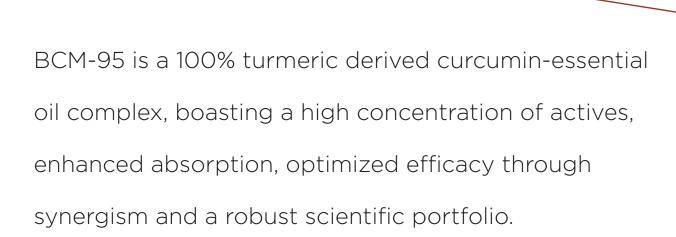
supplements should be made available, exclusively, to licensed healthcare practitioners who would then advise their end users as to their correct usage. Before founding Xymogen, and before the advent of the internet, Blackburn was a distributor for another supplement company with practitioner clients across seven east coast states.





BRIAN BLACKBURN, CEO

Bio-efficacy enhanced Ayurvedic remedy clinically proven with essential oils from turmeric.







www.dolcas-biotech.com info@dolcas-biotech.com

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Curcumin in today's market

BCM-95® is one of the most widely sold curcumin products on the market. It is the feature ingredient in Xymogen's top-selling curcumin standalone product, Curcuplex-95™ and plays a supportive role in many of their other exclusive formulations. The popularity of the brand is owed to its patented composition of high-potency curcuminoids and complementary essential oils sourced from the same turmeric material. This unique composition affords the enhanced bioavailability and efficacy associated with the trademark. In fact, BCM-95® has been the subject of over 30 peer-reviewed publications establishing its health promoting role in more than 15 different conditions.

Inflammation has become the nefarious target of the chronic disease process and curcumin has been proven to regulate the many cell signaling molecules, receptors and transcription factors involved in this response. However, actualizing these results in the clinical setting has been the bane of this molecule's existence. The low bioavailability of curcumin has been known for more than 15 years. Combining the extract with novel blends of solubilizers, bio-enhancers, or other adjuvants has allowed many companies to enter the curcumin market and claim for the enhancement of bioavailability, but very few have gained stake as clinically-vetted solutions to the problem. BCM-95®, with its 14-year track record for safety and efficacy without the use of non-turmeric derived excipients has not only survived among its competitors, but thrives with an Indian export ranking among the top 3 for turmeric products for dietary supplement use.

Extensive inquiry from the scientific community has prompted the majority of consumer awareness about curcumin. A 2017 SPINS market research report ranked turmeric as the top-selling herbal sup-

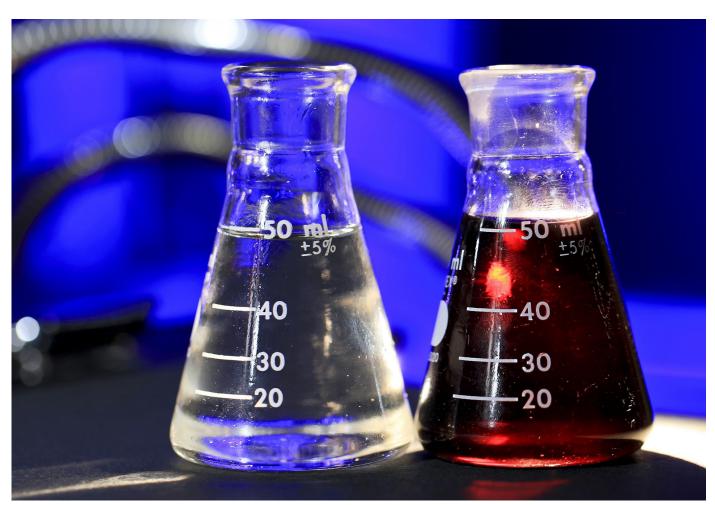
plement in 2016, with total sales in the US channels of \$47.6 million and a percent change from 2015 of 32%. This trend does not seem to be on the decline, as forecasts from a 2016 Global Market Insights report suggests a market size of 99.3 million dollars in 2024. With the exclusive North American distribution rights to BCM-95 owned and operated by trademark holder, DolCas Biotech, LLC - BCM-95® continues to position itself for an upward trajectory. DolCas' vertically-integrated relationship with the product's Indian-based manufacturer, Arjuna Naturals has streamlined appraisal efforts for safe use while continuing to evolve its proof of efficacy through scientific rigor.

olCas Biotech will close out the year with major milestones including a FDA notification concluding no further inquiry into BCM-95's self-affirmed Generally Recognized as Safe (GRAS) distinction, as well as two published studies. Three additional studies are slated for publication in 2018. The brand's strong staying power is demonstrated by its benchmark status in leading nutraceutical lines as the ONLY 100% turmeric-derived, essential oil enhanced, patented curcumin product for bioavailability and bio-efficacy.







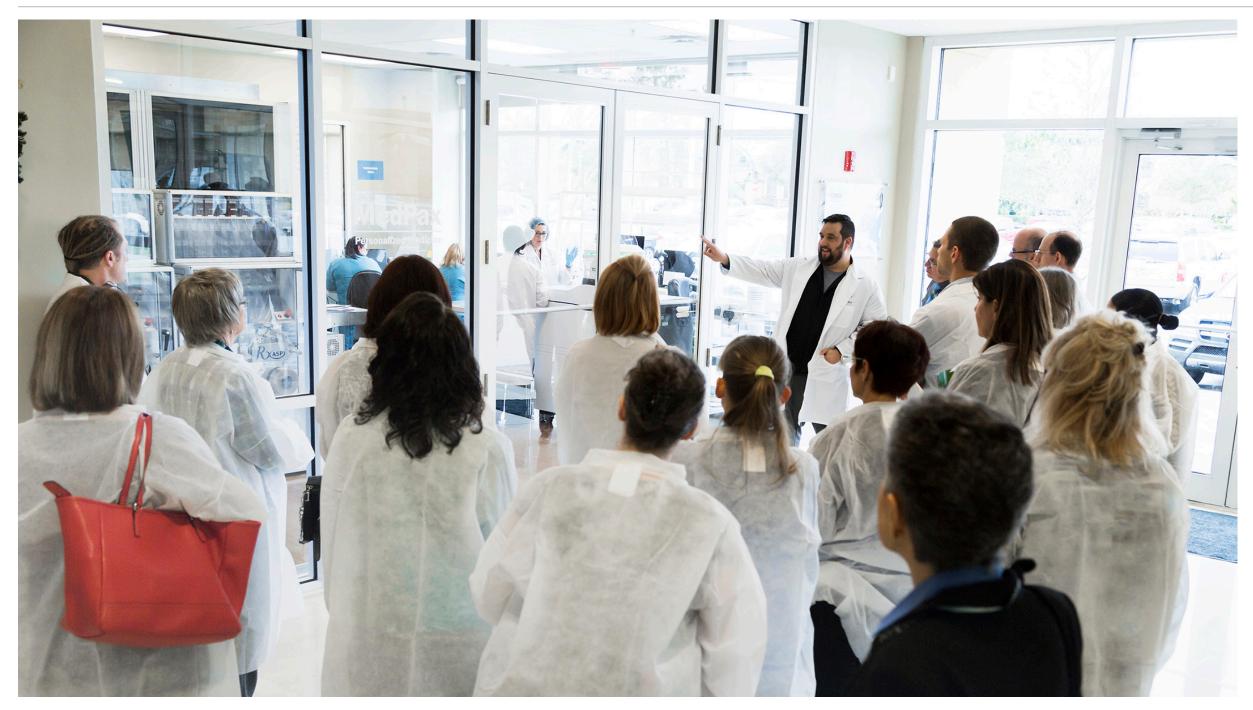


"Prior to the internet, maintaining this exclusivity was not very difficult to do," Blackburn recounts. "But around 1999, it started becoming a major challenge." When he pointed out to company heads that consumers were, more and more frequently, buying supplements direct from distributors, online, he expected that they would look for ways to protect practitioner exclusivity. Instead, "they went and set up a website to actually promote the formulas direct to the consumer, thereby bypassing the very practitioners that contributed most to the success of the company. So, in light of that, we decided that there's a better way to do this; that it is possible to build a truly exclusive formula and company. So, we launched Xymogen with that premise."

Blackburn also made some other improvements to existing business models. "Our former company never had any medical board advisors," he relates. "They really didn't listen to the distributors – I was one of

twelve – nor to our customers, and without medical advice, without listening, many of the formulas became out of date. So, our goal was to create a truly exclusive line of formulas, create a medical board of advisors as a sounding board for our customers, and then the third most important component was innovation." Xymogen's 40-member medical board does meet in person, twice a year, and spends two days reviewing formulas to ascertain that they are based on the latest science. "Those are the three reasons – exclusivity, medical board advisors, and innovation – that we thought there was a void in the marketplace, and we wanted to fill that void. And I think we've done so, pretty well."

Today, Xymogen supplies approximately 12,000 practitioners, offering over 400 products made from 1,200 different ingredients. Its biggest markets are the United States and Canada, but it also has clients in South Korea, South Africa, Indonesia,



We developed something called ePedigree to protect against counterfeit drugs. Every single bottle is serialized, tracked, and traced so we know exactly where it went. With that serial number, you're able to ascertain that it's authentic. ePedigree is extraordinary and we're the only company in the world doing this; no other pharmaceutical or nutraceutical company is tracking and tracing every bottle.

BRIAN BLACKBURN

CEO

China, and Iran. Its 425 employees work out of its 240,000-square-foot, Orlando headquarters, and a distribution outlet in Mississauga, Ontario. Its raw materials, as well as its knowledge base, come from all over the world.

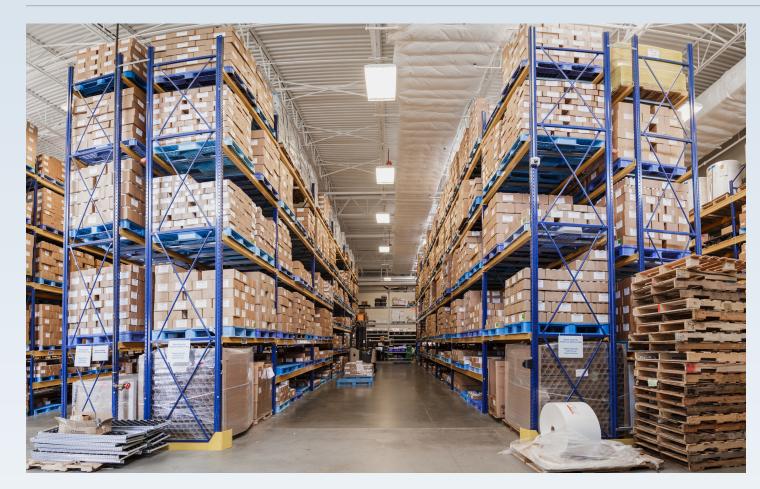
"Probably one of the most important components of the innovation part of our business is we have established relationships with some of the leading biotech companies in the world," says Blackburn. "Europe is a big source; Europe is more advanced in the natural ingredient area, so their big pharma companies tend to focus more on research and development of natural ingredients than the U.S. pharma companies do. Most of our real big partners are European."

Not to be outclassed, Xymogen innovated in other areas. "We have, by far, the newest manufacturing facility in our industry," Blackburn relates. "This building was built, specifically, to manufacture dietary supplements and nutraceuticals, based upon the important considerations of airflow, humidity control, and clean-

liness. We have gravity feed; when we blend one of our formulas, we move the tote to a second floor, and hermetically seal and feed it down to the tablet or capsule machine. Nobody else does that. They have vacuum tubes that vacuum the powder from a drum into the machines, which creates all kinds of dust. And we're able to keep our humidity down around 20 percent - which is not easy to do here in Florida. So, we're much more advanced than our competitors. In fact only one of our top five competitors even has

a purpose-built facility; most of them moved into a place and retrofitted it to make their products. So, we feel very confident that what we're able to offer is far more advanced."

The company also moved to better control the supply chain. "We developed something called ePedigree to protect against counterfeit drugs," Blackburn states. "Every single bottle is serialized, tracked, and traced so we know exactly where it went. With that serial number, you're able to ascertain that it's authentic.



ePedigree is extraordinary and we're the only company in the world doing this; no other pharmaceutical or nutraceutical company is tracking and tracing every bottle. It provides us the opportunity to shut down anybody who violates our no-internet sales policy."

Although many people believe that the nutraceutical industry, as opposed to pharmaceuticals, is under-regulated, Blackburn dismisses the notion. "That is so far from the truth," he asserts. "We're highly regulated by the FDA. We have to have a certificate of analysis, and assays, on every one of our formulas. They were here, one time, for two weeks and they test all kinds of products. We have 1,200 ingredients and we have 400 products. So, you can see how significant maintaining all the data and certificates of analysis on all of these ingredients and finished products can be. In fact, it's much more thorough than the drug industry. One reason is pharmaceuticals are so easy to make; they're synthetic chemicals, so they're the

same every time, whereas natural products vary in their density, and so every time we get natural ingredients in, they could be much different than they were before in terms of blending and mixing and maintaining label claim. So, it's a much more difficult process to ascertain that you have exactly what the label claim is. Plus, we use expiration dates, which the FDA does not require, but we do choose to use two-year expiration dates, which means we have to prove to them that the product still has full label claim at two year's date."

Recently, Xymogen made an interesting pivot when Blackburn acquiesced to widespread suggestions that the company figure out a way to make its products more widely available, without sacrificing its fealty to practitioner exclusivity. "We get over 130,000 unique visitors to our website every month, and up until this September, we turned them away," Blackburn admits. "These people come to our website, typically, because they've heard about one of our

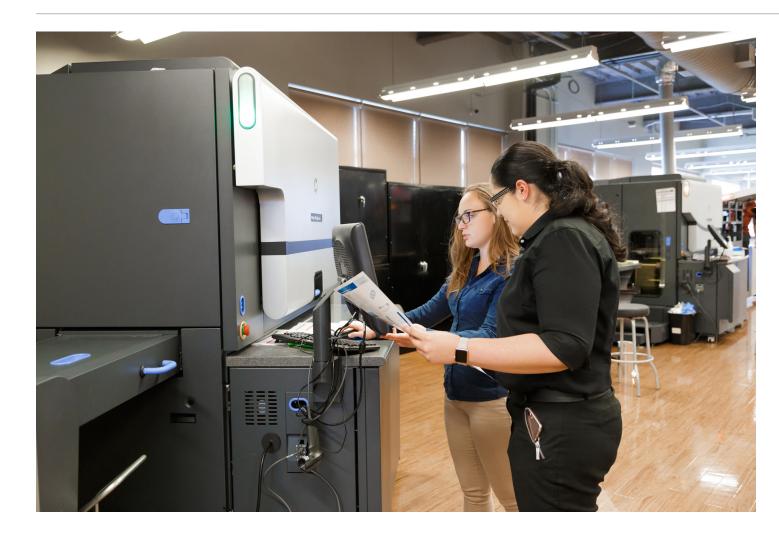
products that they feel they can benefit from, and in our first 13 years, we turned them away; we wouldn't make our formulas available to them."

"We polled our medical board advisors," he continues. "We have 40 consultants; we called upon the practitioners, and we polled them. And it was, literally, unanimous. We were withholding these extraordinary formulas from people who could benefit from them. Somebody needs one of our formulas to optimize their health and we wouldn't provide any way for them to get it outside of having to go visit one of our practitioners, when, in fact, some people don't live near a practitioner or don't have the wherewithal to get there. It was hard to do, but everybody agreed that the right thing was to make these extraordinarily effective formulas available to more people."

So, the company created Xymolink, a drop down box on the Xymogen website that lists top practitioners and their zip codes. Consumers can choose one close by, but they are required to meet, in person. The practitioner provides a code that allows the individual to order product, directly, from the company with the hope that a relationship will blossom and that the user will contact the practitioner with any questions. "It's really good to get the direction of a practitioner who knows the formulas, knows how to use them, and when to use them," Blackburn says. "The ultimate goal is for them to go to a practitioner and have a workup and ascertain that they have not just the right formulas, but the right diet, and the right exercise that would best serve them."

With 130,000 unique visitors, linking these potential consumers to the company's practitioners should also provide significant growth opportunities for both Xymogen and the practitioners, and Blackburn is not unaware that the company's altruistic motives also provide a welcome economic upside. "But we wouldn't do it just for that," he demurs. "We've spent





years fighting to keep our products off the internet. In order for us to enforce our ePedigree exclusivity, we spent over \$6 million over the last 13 years buying our own products. The only way we were able to shut people down was to buy the products that they were posting online. We knew who bought it because of the serial number, and typically, it's a third party. You'd have a practitioner buying it and selling it to a third party and the third party putting it online. But we knew who bought it from us, so we were able to cut them off. For the last year and a half, we've been totally exclusive; we don't have a problem anymore. Every product that we sell goes to either a doctor or their patient. There is no other source of



the product outside of that. By all means, we want to increase our sales, but what really hit me was when our IT team told me about the 130,000 visitors we were turning away. We had to find a way to serve these people."

Blackburn believes that if Xymolink becomes as successful as he believes it can be, the company will successfully have created a system that links consumers with very knowledgeable life and healthcare practitioners. "In light of that, we've very actively promoting our e-store," he says. "Most of our practitioners sell in their office and we're trying to convince them that's not the best model. In fact, we've got data that when consumers go to their practitioner, on average, they refill one and a half orders. That same doctor, when the patients go to our e-store, they generally, on average, request four refills; and if they choose auto-ship, which gives them a discount, it's eight refills. So, the internet provides such opportunity for increased compliance, convenience for the patients,

and, ultimately, health benefits."

Xymogen's newest innovation is called MedPax. "MedPax are individual dose packs," says Blackburn. "Say a patient is on five or six different formulas – three in the morning, three at night. It puts the exact number of pills and the right products into an AM pack and a PM pack. There are 60 – a month's supply, so they don't have to open any bottles. And, when they choose auto-ship for the MedPax, they average 15 orders. It's been in beta test for about a year. We're going to do our major launch this October. We think that will be a very, very big program, as well."

Exclusivity, medical board advisers, and innovation - the final ingredient is people. "I consider this company a people company, not a product company," Blackburn says in conclusion. "And unless you have very talented people, and create a culture that attracts talented people and you support them, it's impossible to have a quality product. So, we focus on that. We really support our team members very thoroughly.



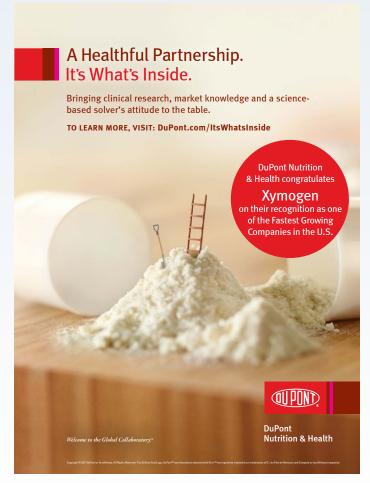
CONSISTENTLY THE BEST

XYMOGEN has recently been recognized for the tenth time on Inc. Magazine's Inc. 5000 list as one of the fastest growing and best-run private companies in the nation.

And our 40 consultants, who call on our practitioners, average 12 years tenure, which is unheard of, I think, in any industry. What we've been able to do is build relationships with our team, with our consultants, and with our practitioners, and it's those relationships that are, by far, the most important contributors to our success."







PREFERRED VENDORS

■ DolCas Biotech LLC

www.dolcas-biotech.com

DolCas Biotech was founded in 2007 on two guiding principles: research and innovation. Its mission is to introduce herbal medicines and branded ingredients that greatly improve customers' health and quality of life. Its signature products include: Bospure, an active-core, AKBA standardized, safely extracted boswellia; and BCM95, a 100% turmeric-derived, naturally bioactive curcumin.

■ Gnosis USA

www.gnosis-bio.com

Established in 1989, Gnosis is a biotechnology company specializing in the manufacturing and sales of fermentation raw materials and natural finished products used in the pharmaceutical, nutraceutical, cosmetic, veterinary, and agricultural industries. Its corporate headquarters are in Milan, Italy; Its USA location is Doylestown, PA.

- Advanced Laboratories Inc.

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- Albion/Balchem www.balchem.com
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- Neptune Wellness Solutions www.neptunecorp.com/en





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