

Q&A with Pat K. Schneider, CEO of Biova LLC providing an Alternative Delivery Format using Water Soluble Eggshell Membrane for Pet Care, Cosmetic and Nutraceutical Product Manufacturers



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CEOCFO: *Ms. Schneider, your site features, “Water soluble eggshell membrane”. What are you doing at Biova LLC?*

Ms. Schneider: Water solubility is key to providing a wide variety of delivery format options to our customers. In the egg shell membrane space, our competition basically includes three other eggshell membrane ingredient suppliers. What distinguishes Biova in the egg shell membrane ingredient category from the competition is our lower ash content, which

makes our ingredients more water soluble, and allows Biova to offer greater delivery format options to joint health, pet care and cosmetic product manufacturers. As I mentioned, Biova competes in the joint health, pet care and cosmetic ingredient sectors. The water solubility benefits and characteristics of the Biova ingredients allows us to offer customers, for example in joint health, alternative delivery format options outside of tablets and capsules. As you know the joint health community’s target demographics are typically older individuals who may be currently taking a lot of pills already and thus tend to suffer from what we call “pill fatigue”. It is nice to offer an alternative to a pill such as a beverage in a ready to drink format or a stick pack that you easily pour into a water bottle or perhaps a gummy, which is a very popular delivery format. In fact, gummies are the fastest growing delivery format in the nutraceutical category. Therefore, it allows Biova to offer our customers, who are manufacturers of consumer products in the nutraceutical and cosmeceutical categories, the option of different formats other than tablets and capsules. For pet care it is perfect because it allows you, as a manufacturer, to offer to dog and cat owners doggie chews and treats and cat treats versus a tablet or a capsule, which can be a hassle trying to get a pet to swallow. In the cosmetic arena, water solubility is really ideal because it obviously allows you to easily formulate it into cosmetics, into foundations, lotions, creams, serums, masks in a number of different varieties and options. That is the real “beauty” of Biova’s water soluble egg membrane ingredient.

CEOCFO: *Should the end customer know or care or is it something that strictly makes the difference in the manufacturing?*

Ms. Schneider: We are a B2B (Business to Business) ingredient supplier, so we do B2B sales. We spend money on trade advertising and do not advertise to end consumers or spend on consumer advertising. Our end consumer or target is the manufacturers of consumer products, again in joint health, in pet care and in cosmetics. Therefore, our website is really geared more towards a B2B type sale and to the manufacturers of these consumer products. What our customer offer their end customers are the benefits of our clinical studies such as improved joint discomfort in 5 days and reduction in wrinkles.

CEOCFO: Are manufacturers looking for a better way?

Ms. Schneider: I think joint health manufacturers are definitely looking for an alternative to tablets and capsules. As I mentioned, the older demographic population target takes joint health products because they tend to suffer from osteoarthritis and various joint maladies such as stiffness and mobility issues; they are looking for an alternative to pills and tablets and capsules, because they are already taking a lot of them already. Therefore, I think that manufacturers are definitely looking for alternatives to the pill and tablet and capsule format. Again as I mentioned, gummies are the most popular and fastest growing delivery format in the nutraceutical and the vitamin, mineral and supplement categories right now. Everyone is offering a gummy! If you go into, let us say, a Walmart, Walgreens or CVS and you look at the nutraceutical category; if you look at the shelf, a good portion of it now is offered in gummies.

CEOCFO: You have been CEO since December. What has changed under your leadership?

Ms. Schneider: What has changed since I have come on board is that we have had reorganization – in both people and spending priorities. On the people side, we have a new sales and marketing team. I have also expanded and refocused the organization to invest in clinical support to increase our competitiveness in the marketplace. In the past funds were allocated more in marketing. We are in the process of conducting two major clinical studies for Biova to strengthen our claims and increase our competitiveness with other eggshell membrane suppliers, but also with other joint health suppliers. Therefore, we are going to be conducting a joint health clinical for our BiovaFlex®. We are also going to be conducting a clinical on our beauty from within ingredient for our new BiovaBIO® ingredient for skin, hair and nail improvement claims.

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CEOCFO: How do you decide where to focus? With so many opportunities can you work on all of them equally?

Ms. Schneider: We decided to really focus on shoring up our clinical support. In speaking with several of our customers, they told us they wanted additional clinical studies to support the claims on the packages. Many of our customers are saying that their end customers are looking for secondary clinical on our claims. We decided to focus our dollars on getting additional scientific support to help us in closing the deal with our customers. Again, our marketing is B2B. Rather than focus a lot of money there right now, we need to focus on building our “Business in a Box”, which includes the clinical support behind our products; the clinical studies, the white papers, articles, advertorials, the additional robustness to support claims on our products. Once we strengthen the foundational support for our products, then we will focus on the marketing and getting that message out to our customers. We believe that will help us in building the business.

CEOCFO: How do you work with manufacturers now? Do you need to maintain inventory? Can you develop products specifically or maybe variations specifically for particular manufacturers?

Ms. Schneider: We sell ingredients to our customers and we do not maintain finished goods inventory for them. Our customers maintain their own inventory. However, we virtually offer an unlimited supply of ingredient inventory to manufacturers of consumer products in the joint health, pet care and cosmetics industry. We can offer that because we are vertically integrated with some of the largest egg breaking facilities in the United States. We are vertically aligned with facilities that break six million eggs a day and they supply some of the largest companies in the world, such as the leading fast food restaurants for their breakfast products and some of the leading mayonnaise manufacturers. Our minimum order quantities are 25 kgs and we offer them are many different options. We have an option that is roller compressed to help compression into tablets and capsules. We have an agglomerated version or an instantized version which facilitates dissolution into ready to drink beverages or stick packs. The agglomerated version also improves the water solubility to facilitate gummy or confectionary production. Therefore, we do have flexibility as to what kind of end product they might be looking for; whether it be a tablet, a capsule a gummy or a RTD (ready to drink) product. We do not make those finished goods for them, but we do offer different format options for them. Additionally, if our customers are having any manufacturing challenges we provide technical support to help them resolve their issues. If they are having formulation issues or blending issues we do have technical experts on board, either through our own company, or our sister companies, that can provide the additional formulation and product development assistance from a consultative standpoint. However, we do not actually make the finished goods for them.

CEOCFO: What is involved with maintaining an inventory and storing the ingredients? Is there a shelf life?

Ms. Schneider: Our egg membrane is a powder. We extract the egg membrane from the egg shell and we treat it using a special chemical process - a base hydrolysis. We spray dry it into a powder and it becomes a very light yellow powder. We store that powder in our warehouse and it has a four year shelf life.

CEO CFO: *Is it a standard process or is there something about what you are doing that helps with the quality?*

Ms. Schneider: We have a unique patented proprietary process that no one else can use unless we license it to them. We have a very different process versus the other egg shell membrane manufacturers. There are basically three other egg membrane manufacturers and they all use a slightly different process than we do. However, our process allows our product to become more water soluble than the competition, which again, allows us greater delivery format options.

CEO CFO: *What are you working on today? What is next for Biova?*

Ms. Schneider: Right now we are primarily focused on our clinical studies, and getting those kicked off for the BiovaFlex, the BiovaBIO and we are also doing a BiovaDERM®, a topical study for wrinkle reduction. Therefore, getting that shored up is key. Then also expanding our breadth and reaching out to additional customers. We are increasing our trade show attendance. We are going out on many more in person sales calls versus web ads or web marketing. Therefore, we are doing much more customer facing types of activities versus what Biova has done in the past. You will be seeing Biova much more at trade shows - either through attendance or exhibiting, Biova presence at conferences and Biova in the marketplace versus Biova on the web. It is going to be more “face to face” Biova.

“At Biova, we listen to our customer’s request for claims support and are focused on their needs – completing three major clinicals, getting solid results, validating the claims from our earlier trials and publishing those studies in peer reviewed journals. We are doing that on the skincare, on the joint care and the beauty from within ingredients. Customers are asking for validated claims and that is what Biova is going to deliver.”- Pat K. Schneider

CEO CFO: *What do manufacturers want to see in the studies?*

Ms. Schneider: They want to see validated claims. In the case of joint care they will want to see additional studies for improved joint comfort in five days. They will want to see at least two clinical studies with a fairly robust subject size to be able to support these claims. It provides more credibility to their product if they have good substantiation behind it. Our customers are looking for are strong, robust subject sizes, usually thirty or more in the appropriate target age group – for example in joint care they want to see subjects that represent an older population. Our customers want to see the studies published in peer reviewed journals. They do not just want data on file; they want to see it out in the scientific community and in publications. At Biova, we listen to our customer’s request for claims support and are focused on their needs – completing three major clinicals, getting solid results, validating the claims from our earlier trials and publishing those studies in peer reviewed journals. We are doing that on the skincare, on the joint care and the beauty from within ingredients. Customers are asking for validated claims and that is what Biova is going to deliver.

CEO CFO: *Biova was recently at SupplySide West. What was the reception there? How do you stand out?*

Ms. Schneider: There are many players and it was a very, very busy show for us. However, we always do customer outreach prior to all of the shows where we are exhibiting. We always send out blast emails and very targeted emails to our existing customers and set up meetings, breakfasts, lunches and dinners. We have developed an extensive contact list based on our personal contacts that we have built up from years in the industry and we also use additional contact lists from multiple sources. We always send out a blast email before the show to invite individuals to stop by our booth. We run contests and we encourage attendees to come by and have a chance for a free drawing. In the springtime, for Expo West, we planned a “egg-based” contest using an Easter Egg theme referencing the Easter Egg hunt. For our current customers, or prospects, we set up specific appointments and we always seek to get high visibility, good location booth space. At the recent Supply Side West show, we were at the end of an aisle, which was great, because you get a lot of traffic as people were “rounding the corner”. We did not have any lulls in the show! We were constantly busy the entire two days of the show, which was great! The other thing that was great too was that, during the show, one of our customers, Aurora NutraScience and Vida Lifescience, won the Supply Side CPG Editor’s Choice award for their Biova containing Joint Health product ExoFlex! Therefore, that was also some great added value and press coverage for Biova’s BiovaFlex ingredient. We will be issuing a follow up press release on that, too. Additionally, prior to the show, we reference our upcoming show attendance in all of our emails by including our booth number at base of all of our emails and encouraging our customers to visit us at SupplySide West. We are constantly engaging in customer outreach and potential customer outreach to let customers know that we will be at SupplySide West, how to find us and that we welcome to opportunity to meet with them before, during and after at the show.

CEO CFO: *What surprised you about Biova since you came on board?*

Ms. Schneider: I do not know if there was a lot of surprise, because I as very familiar with the competition and I knew that the competition had a lot more clinical support behind their products versus Biova. Therefore, one of the things that I knew

would be needed was additional clinical support. I'm not sure it was a surprise, but it has been very, very encouraging, to see how extremely supportive the board of directors has been on providing the resources needed to do the robust clinical studies needed and empowering me to build that "Business in a Box". When I interviewed with the company I told them the best way that Biova is going to succeed is if we have, what I termed, a robust "Business in a Box" - you must have the clinical support, the white papers, the articles, all of the marketing materials, the website and so on. When I came on board I found that the business in the box needed more shoring up than I anticipated. However, the board has been supportive in allowing me to build that business in a box, so my team can go out and really sell the ingredients with all of the support and the materials needed. We upgraded the sales collateral, improved the website, reorganized the company priorities and brought in new staff. All of this was needed to rejuvenate the company and the board has been extremely supportive of the changes I have made.

