



FRANKLIN FAVORITE



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Company Grows Quickly

Blu Pharmaceuticals of Franklin is one of the fastest growing businesses in Kentucky.

Still small by industry standards, the generic pharmaceutical company located in the former Tyco Electronics plant on Ky. 1008 hopes to take its business to the next level by adding a manufacturing plant.

Company President Bill Luster visited a potential facility in Puerto Rico last week.



“Over the first year, we tried to put the system together as far as being able to deliver the products and secure the contracts. We had to build a network so we could deliver,” Luster said. “Our business has increased 1,650 percent in the first year.”

Blu Pharmaceuticals supplies generic drugs to major wholesalers, group purchasing organizations, mail order pharmacies and government agencies including Veterans Affairs, Department of Defense, Bureau of Prisons and Indian Health Services.

“In this industry, you have to build a reputation of being able to deliver...If you don’t, you’re done,” Luster said. “There’s two or three companies waiting at the door to take your business.”

Blu Pharmaceuticals started in

July 2006 in a business incubator at the Western Kentucky Innovation Center in Bowling Green and opened in Franklin in September 2007. Over the past year, the company has grown from five employees to 13, and its annual sales this year will reach \$70 million.

In addition, Luster purchased the old Tyco Electronics building from F-S Industrial Authority and has leased space out to Integrated Pharmaceutical Packaging, which plans to open soon. Those two businesses will complement each other.

“We’re debt-free, and we have been approved financially to build or to buy a manufacturing plant,” Luster said.

Luster cites several reasons for his company’s success of being able to deliver the product and to build business relationships during the first year, including the WKU business incubator, his employees, the location and the growing demand for generic drugs.

“People can not compete against us here because of the cost of doing business in this area,” Luster said.

Most major pharmaceutical companies are located in the northeast United States, but Luster said they are moving south to take advantage of the lower cost of doing business and the workforce. “It’s certainly the future of the industry.”

Luster believes his business will continue to flourish and hit full stride in 2010, when patents of numerous commonly prescribed medications will expire due to the Hatch-Waxman Act of 1984. Known as the Drug Price Competition and Patent Term Restoration Act, it struck a compromise between the drug innovator companies and the generic companies.

Luster said generic drugs are identical to their brand name counterparts in terms of ingredients, dosage form, safety, strength and performance. Generic drugs, though, are typically sold at substantial discounts from the branded price.

According to the Congressional Budget Office, generic drugs save consumers an estimated \$8-\$10 billion a year at retail pharmacies. Several billion dollars more are saved by hospitals that use generics.

“Insurance companies are increasingly pushing for generic drugs over trademark drugs because they are much cheaper,” said Sandy Graves, the controller at Blu Pharmaceuticals.

When drug patents expire, manufacturers can apply to the Federal Drug Administration to sell generic versions. Generics must also be approved by the FDA.

While it takes drug companies as many as five years just to develop new drugs and have them approved by the FDA, the generic versions typically take about a year and a half to bring to the market.

Luster said he deals with only U.S. companies and notes that the domestic market is huge. Some 44 percent of the prescription medication in the world is consumed by Americans.

“I think in the future, Blu Pharmaceutical will bring more jobs to the former Tyco building. It is in a growth industry,” Industrial Authority Executive Director Dennis Griffin said. “This company will surely have a positive effect on our economy for years to come.”

*Story by Charles Portmann
Photo by Amy Ellis*