

Advertisement

X

Icelandic startups reveal secrets of success to UK fishing industry bigwigs

By [Louis Harkell](#)

May 10, 2022 10:13 BST



📷 Members of the Iceland delegation at the Full Utilisation of Icelandic Ocean Catch Workshop and Lunch. Credit: FINN Partners

Advertisement

X

LONDON, UK -- How can seafood companies extract more value from fish by-products? It is a question companies take seriously in theory but struggle to do in practice.

Three of Iceland's leading seafood startups explained their approach at a recent UK-Iceland event held in central London's Fishmongers' Hall. There they presented their cutting-edge products made with fish fins, skins, and collagen to their UK audience.

For members of the UK's fishing industry present at the event, it was a reminder of the huge potential stored in fisheries waste produced in the UK, and how it can be put to good use.

'Iceland's first unicorn'

Kerecis, which looks set to become Iceland's first startup "unicorn", meaning a valuation of \$1 billion, is a perfect example of taking an "eccentric" idea and running with it.

Established in 2009, it produces medical dressings from Atlantic cod skins. In the first quarter of 2022, it generated \$24 million in sales and expects to achieve full-year sales of \$130m by 2023.



📷 Kerecis US market share. Source: Kerecis company presentation, Fishmongers' Hall, May 5.

CEO Gudmundur Fertram Sigurjonsson explained how in 2021, Kerecis' patented medical dressings helped treat more than 10,000 patients suffering from burns and wounds, in the US and Germany.

The cod skin dressing works akin to a cellular scaffolding, allowing human cells to reoccupy the fish skin cells by laying new tissue. The fish skin then converts to human skin, speeding up the healing process.

As of January, it was the US' fifth-largest supplier of medical dressings, according to both SmartTRAK and its own data.

To make its fish skin dressings, the company collects about 300-400 skins each morning from local Icelandic Atlantic cod processors, which otherwise would go to waste. The skins are then lightly treated and packed for shipment.

Sigurjonsson said while the idea of using fish skins to treat wounds sounded unusual, orders started flying in after it initially paid 16 doctors in the US to use the product as part of a trial.

"It all started with my experience in the prosthetics industry," he said. "I used to work for Ossur, one of Iceland's largest companies. A lot of the customers were young men who had motor accidents, or other sorts of trauma. But the vast majority of customers are people with diabetes, who develop wounds and unfortunately go on to need amputations. I thought that fish skin could be used to treat those wounds."




📷 Kerecis revenue growth. Source: Kerecis company presentation, Fishmongers' Hall, May 5.

Today, the company is selling into US care centers for diabetic patients, 120 burn centers, and 50,000 operating theatres. It is also selling some products in Germany.

According to Sigurjonsson, each unit costs \$600, while the average spend per patient is \$5,000.



 Kerecis fish skin-based medical dressing. Source: Kerecis company website.

"It took several years to develop and we needed to go through two or three cycles of the FDA [Food and Drug Administration]. They were concerned about allergies, immune reactions. There are no other products based on fish, so it took us a long time and a lot of money."

Now it has a team of 130 salespeople and it sells the dressings directly to hospital procurement systems.


Sigurjonsson reckons the secret to a successful seafood startup lies in the crossover between industries. "It's about creating a platform where traditional industry can connect with people from other sectors. It doesn't have to be a huge expensive product, it could be an app that disrupts how you buy or sell fish. It could be something in the value chain, a tracker or something for scheduling shipments.

"Then you just provide people office space, get government grants or overseas investment, and support them. When you have enough opportunities, enough cross-pollination, there will be projects that are successful. It's about creating this platform. And it's not really expensive."

'Bigger than Pepsi'

Feel Iceland from Reykjavik is a striking example of this 'cross-pollination' between industries in action. Co-founded in 2013 by former Ossur product manager Hronn Margret Magnúsdóttir, the company makes collagen-based creams, drink powders, and a facial serum.



 Feel Iceland's collagen-based drinks powder. Source: Feel Iceland company presentation,

Its products are sold in high-end boutique health and beauty stores and hotels, in Iceland and abroad, including in the UK.

Magnúsdóttir said she was inspired by the idea after having worked in finance and product management. "I was startled that we were just selling raw material abroad. We weren't

Fishmongers' Hall, May 5.

making enough products in Iceland," she said.

In 2017, in its biggest coup, Feel Iceland collaborated with an Icelandic drinks manufacturer to develop a soft-drink with added collagen.

Launched in 2019, "Collab" comes in five flavors: Lime and elderflower, mango and peach, raspberry and apricot, Yuzu lime and lemon, and passionfruit and lime -- with and without caffeine. Today, in Iceland the drink outsells Pepsi Cola, said Magnúsdóttir.

Magnúsdóttir said the idea for the drink came about while drinking Red Bull, a habit she developed running her startup. Convincing people in the fishing industry often stuck in their ways was sometimes hard, however, including her father-in-law, a fisherman.

"His thinking was like, 'I just have to maintain my vessels, I have my quota'. He couldn't think outside of that box. But I'm stubborn. So, I went ahead anyway, and now he's starting to believe that this might be a good idea.



📷 Collab drink. Source: Feel Iceland company presentation, Fishmongers' Hall, May 5.

"But it's very difficult for people who have been in the industry for so many years. So I think it's very healthy to have an outside perspective, new ideas and to have conversations together."

Lean startup

Eylif, a company that emerged from the same startup cluster in Reykjavik as Feel Iceland, is similarly focused on health and wellness.

A manufacturer of health supplements, its name means 'island and life', which the company says symbolizes its connection with both Iceland and the natural ingredients used in its products, such as calcified seaweed and collagen.



📷 Eylif products. Source: Eylif company presentation, Fishmongers' Hall, May 5.

To keep costs down, the company outsources projects to a specialist who makes the formula and recipe, then tests a pilot product with consumers, founder Olof Run Tryggvadóttir explained.

"After about 6-18 months we launch a product. It takes that long," she said. It has sold 55,000 units since

launching in 2020, with each unit retailing at €33.50.

Ocean cluster

Thor Sigfusson, founder and chairman of the Iceland Ocean Cluster, a startup hub in Reykjavik, explained to *Undercurrent News* that not all startups are born equal -- some ideas fall by the wayside even if they seem good at the time.

He should know, having seen 150 companies pass through its doors. This includes 10 of the first 12 companies that joined the cluster back in its first year in 2011, and that today employ 450 people between them.

Sigfusson noted that seafood startups offer an opportunity to invest in the real economy that other startups might not.

"It isn't like a gaming app where you're going to get millions of users and stratospheric growth. It's a long-term investment with slower growth, but the investors we deal with understand that and they want to be part of it," he said.

He added that being profit-driven is crucial to weed out the wheat from the chaff. Today, Ocean Cluster generates some €1 million in annual revenue and has a separate investment vehicle in parallel.

That said, spreading new ideas in the first place is also an important, if less tangible benefit. "On the one column is the profit we make and the next column is the impact we have, spreading ideas such as extracting more value from fish to the world. That cannot be measured simply in terms of profit or loss," he said.

Asked what the secret ingredients are for a successful start, Sigfusson highlighted trust, leadership and expertise. "So maybe London might be the best place. You have a strong biotech industry here. We don't have this in Iceland."

However, standing up against perceptions about the seafood industry in wider society can be challenging in some countries.

"It's a problem because in Iceland if you are from the fishing industry and you go to a bank, you speak with the top guys in the room. I've personally experienced in other countries where I'm sent to someone from the division for agriculture or public goods," he said.

Ultimately, he reckons startups will be the main drivers of future innovation and development in the seafood industry, so it's important not to overlook it. "Rather than say that the industry itself will drive this change, we say it has come this way. It's obvious, isn't it? I'm sitting next to one of the most valuable fishing companies in Iceland and it's using just 0.4% of the catch," he said, referring to medical supplier Kerecis.

Contact the author louis.harkell@undercurrentnews.com

**© 2022 Undercurrent News.
All rights reserved.**