Interview with Barry Moore, Group Sales Director, Steripack

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Mr. Moore, can you please introduce our readers to yourself and to SteriPack?

SteriPack was founded in Clara, Ireland, in 1994. When I joined the organization 18 years ago, we had perhaps eight people on staff. Today, our headcount approaches 400. We have four production sites spread across Ireland, Poland, Malaysia, and the U.S.

We were founded during a very opportune time: the dawn of the medical cluster boom in Galway. Major players like Boston Scientific set up in Ireland for the first time during this period, and SteriPack sought to capitalize on the growing market.

We knew that we had to bring something different to the game. The company was founded by my brother Garry Moore, who had worked for a number of years in the Medical Device and packing business. Garry identified a gap in the market, and believed we could differentiate ourselves through clean-room manufacturing. It was the first time it had been done in the industry.

I entered the business on the sales side, so I had to learn the engineering components. As I mentioned, we were a very small company at the time—when the fax machine went off, we all watched it in anticipation because that meant that a new order was coming in! I would then draw up the specifications myself, and we would send them for approval before receiving the print-plates. Every element of the process was very hands-on.

The idea was for me to familiarize myself with the production operation for a year, and then spearhead our growth into the UK. However, I did not actually enter sales until five years later,

because in the intervening period, Ireland quickly became a true global hive of activity for the medical device industry. Business growth in the sector was absolutely huge. We decided to maximize our engagement with clients in Ireland before focusing on outward expansion.

However, we did not abandon our export ambitions, and eventually engaged Enterprise Ireland to help us with the internationalization of the company. We might call this the ‘second tier’ of our production story.

With our local business, serving clients meant a car ride of a few hours at most. The question was how to provide dedicated service to customers abroad—and we found that the only way to reach these customers was to enlist the help of experienced sales experts who were native to the relevant markets. It took us some time to appreciate, but we began to understand that in Europe, culture and business go hand-in-hand.

Meanwhile, the large multinationals, as I began to mention, were streaming into Ireland. As a service provider to the market, we built all of our processes and quality systems around their high standards. This meant that our standards met the highest parameters in the world. We were able to leverage that investment, and knock on the doors of sister operations within the multinationals’ global production operations and say, “We are approved to serve your sister company in Ireland. Perhaps we can work together with you, as well!”

We are continuing to build on those relationships. Most recently, we have leveraged our European network to get a foot in the door in the U.S.—and that business has worked very well for us thus far.

To how many countries do you currently export worldwide?

We have over 300 customers, export to over 40 countries, and package over 10 thousand different products.

A volume of orders that has driven the organization to invest in four global sites thus far.

Exactly. In 2005, we set up our first facility abroad, in Poland. We were looking to offer assembly and other contract added-value services, and Ireland was becoming expensive at the time. Poland offered costs that were competitive to our own country.

We built a Greenfield site in Poland. It took us perhaps a year longer than it would have taken had we invested in an existing facility, but it was important for us to ensure that from the ground up, the operation could reflect the quality our offering. The Polish site got off to a slow start—it took us five

years to ramp up production—but it got into the black very quickly, and now employs 130 people. We are looking to double the size of that facility in the next 18 months, and the Polish business should grow this year. Again, employing great local talent on the ground, and gaining a strong understanding of local culture, are the factors that have made the site successful.

Our second investment in manufacturing overseas took us to Malaysia. That was a major jump for the organization. The world is moving East, and we did not want to get left behind! Many of our larger customers had been setting up in the region, and at first, we thought we would go to China. However, when we visited the market, we quickly realized that its profile did not meet our requirements—we were too small to manage the complex levels of bureaucracy, the difficult IP environment, and etc. We realized that we could lose our shirt very quickly if something went wrong. Similarly, we found very high barriers to entry in Japan and South Korea. Singapore was another potential choice, but we found it to be too expensive.

We settled on Malaysia. The country has some of the same advantages as Singapore, but with a lower cost base. It has also been a British protectorate since 1965, so we had at least a rough understanding of the local legal framework and the local culture.

We built an 85,000 square foot site next to Kuala Lampur that allows us to serve Eastern markets from China to South East Asia to as far as Australia.

What had changed from the opening of the Polish operation to the opening of your facility in Malaysia?

When we set up shop in Malaysia, we were able to get up and running much more quickly. I mentioned that it took us some time to ramp up our activities in Poland—in Asia, on the other hand, we already had a customer base that was importing our products from Europe. It was simply a matter of diverting those orders to the new site.

You mentioned prior to the interview that the Malaysian site has been the foundation for your offering to the pharmaceutical industry. Can you expand upon those comments?

As I have said, we initially serviced the med tech sector—but about ten years ago, we received a license for pharmaceutical manufacturing, and looked to offer secondary packaging services at a brand-new facility that we developed for the purpose. We were very excited: as the business community is well aware, the pharma market is huge in Ireland! However, when we began looking for clients, we found that the market was very closed to new packaging houses.

Pharma is famously conservative, and if you want to penetrate the market as a contractor, you typically have to get in quite early—because if you don't, you will find that potential clients are very reluctant to move from one supplier to another. Even if the company is not fully satisfied with their current supplier, the hurdles they would have to pass through to discontinue that relationship and start afresh are simply too much trouble. Moreover, we did not have any major differentiators to propose to the market, as we did when we entered the medical device space.

Fortunately, we were able to lease the pharma facility we had developed to a newly established company called Europharma Concepts, which offers a fantastic line of dental products, including an enzyme toothpaste that combats dry mouth for patients with diseases like cancer. We became part owners of Europharma, and have worked with them quite actively ever since. However, we did not continue to pursue contract pharma packaging in Ireland—we were happy enough to have found a good use for the site, and left it at that for some time.

And yet, when we invested in Malaysia, our plant head in the country began to take meetings with local pharmacists and other stakeholders. A number of products came up in the conversation as possible targets for outsourcing to SteriPack, and we became interested in the opportunity of offering pharma packing to the Asian market.

First, we had to get a production license—a license that, it turns out, is uniquely difficult to obtain in Malaysia. We were the first non-government entity in the country to receive authorization for pharmaceutical packaging!

We have been very successful thus far with our push into pharma. The sector represents over 50 percent of our business today. However, because of the high value of goods, it only represents perhaps 20 percent of our labor effort.

How important is the pharma business to your growth strategy?

It is critical to our strategy in Asia. Moreover, just as we have done with our Western clients looking East, we are currently working to leverage our relationships with Eastern clients looking West, and provide Asian clients with a service in Europe. As I've said, we found it difficult to enter the pharma packaging market directly in Ireland—but we believe that we may be able to capitalize on the wave of new entrants now looking to break into Europe.

Our Polish facility is already gearing up to serve the pharma industry. Our colleagues have a pharma production license on the way. Poland has begun developing this side of the business for a specific reason: a medtech client whose product had a pharmaceutical component approached the site. However, once the Polish plant receives the license, we may try to build that business further.

Your next frontier is the U.S. What brought you there?

Many of the multinationals we serve in Europe are based in the U.S. Their decision nerve centers are located there.

The volumes are also much higher—and at this stage of our maturity, we are well equipped to tackle a big market. We have invested in cutting-edge equipment, and have the best tools available in the industry in our U.S. facility.

The doors are opening very quickly for us in the U.S. market. In many cases, companies in the U.S. are already familiar with SteriPack and our value proposition, because we have fairly strong brand traction with their colleagues in Ireland, Europe, and Asia.

When we built sites in Poland and Malaysia, we were not considered a ‘multinational’ by the industry. But now that we have our toe in the water in Florida, that perception changed straightway! Breaking into the U.S. market is a significant milestone for this organization.

Our future in the market is very bright. We find that customers are very happy to see a new face. We commenced clean-room operations in 1995 in Ireland. By the same token, the first purpose built clean-room, custom manufacturer of medical packaging in the U.S. was SteriPack—this year.

When clients visit our factory, they see a clean-room production operation that is just as good—or better—than their own. That is our unique selling point, and it’s working.

Because of the scale involved, the value of our first order in the U.S. exceeded the entire turnover we generated in our first year in Ireland. People say that in Europe, companies deal in pallets, and in the U.S., companies deal in containers. From what I have seen thus far, I can believe that. We plan to surpass our break-even point well ahead of schedule, and it looks like we will have to invest in twice as many machines during our first year as we initially expected. The evolution of the business is simply remarkable.

And you’ve mentioned that even as a new entrant, you are ahead of your competitors.

We believe that we are. Nonetheless, I don’t want to downplay the strength of competition in the U.S.—there are certainly some great companies out there. But the market is huge. There is enough room for a wide range of competitors. Even if we grow at the pace of the market—a rate we expect to exceed, as I’ve indicated—we would be quite well off.

We also believe that current trends in regulation work in our favor. The standards bar is rising every year, and the demands on our product are higher. Companies used to pack and sterilize their

products without much thought, but now perform deep analyses and carefully go through the validation protocols. Our customer, in short, is much more knowledgeable. They are looking for more complex, better-quality packaging. They are aware that cheap alternatives are not going to carry their products into the market safely.

Meanwhile, we are investing a great deal in our quality control systems. For instance, each of the tens of millions of pouches that we produce is associated with five separate data points, offering full traceability. That level of control was simply not there ten years ago.

It is a cost to get there, and that cost alone is bringing up the market. However, the value truly exceeds the spend—for one, high quality standards mean less issues for us, and greater confidence for our customer. We will continue to confidently invest in our future in this sense.

Which part of your success do you feel you owe to your Irish roots?

The Irish passport is a brilliant door opener. There are no two ways about it. In my experience, when people hear an Irish name, they quickly become interested in a conversation.

Of course, perhaps particularly in this industry, there must also be substance behind your offer. While you may get in the door based on those Irish roots, if you have nothing of value to bring to the table, you will be ousted very quickly, and find yourself quite exposed.

What motivates you as a leader of this organization?

The company has grown at double digits for the last ten years. It is a very exciting period for us! The landscape here at SteriPack has changed considerably since I've joined—as indeed, has the industry landscape.

And personally, I love interacting with our customers. I love speaking with them, understanding their needs, and being able to find a unique solution. There is no better feeling in the world than developing that solution, and seeing its real implementation in a customer's supply chain.

What is your final message to our readers?

We are open to new ideas, and we have always been project-based. I recall a recent instance when a client was let down by their supplier, who refused to deliver an injection-molding component because the order volume of 2.5 thousand units per year was too low for their taste. The client approached us and asked if we would take on the project.

We had never done injection molding before. Nonetheless, we promised to take a look. Two days later, we hired two injection molding experts to help us. One hundred days later, we supplied the client with seven components for the launch of their new device, with all seven of them injection-molded by Steripack. The client went on to win an award for the timely and on-budget release of their product.

We are open for business. Come work with us!

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