Interview with Alexandre Pasini, Site Director, Lonza – Belgium

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Tags: Lonza - Belgium

Mr Pasini, before becoming site director of the Verviers plant you were acting as the Head of Investor Relations for Lonza. Can you provide us with an overview of your background and outline to what extent your previous role helped to prepare you to become Site Director of the Verviers facility?

My background is actually in mathematics and statistics, having earned a masters degree from the University of Geneva, Switzerland. I then joined the banking industry as financial analyst, Lonza falling under my area of coverage. Throughout that time, I had the opportunity to become acquainted with a number of personnel and executives at Lonza, and was always very much attracted by operations. In order to facilitate the transition and given my background, I started at Lonza as Head of Investor Relations, until the position of Site Director for Lonza Verviers opened up in August 2009.

My past experiences allows for a rapid understanding of a given organization’s business model. This analysis leads to an identification of the key performance indicators driving it. In turn, a focus on these enables the leadership team to manage the growth of our business while exercising tight cost control. This requires full focus on continual improvements to make the workload bearable. The Verviers facility has been growing every year without exception since its inception 20 years ago, at rates between 10% and 20% per year. In addition to managing the growth, it is also essential to maintain the high quality levels that are consistent with our customers’ requests.

Lonza made its way in to the Belgian market through two successive acquisitions in 2006 and 2007. Can you provide us with an overview of Lonza's presence in Belgium and the strategic motivations behind the acquisitions?

In Belgium, Lonza employs just under 500 people through two manufacturing facilities. The one situated in Braine-l'Alleud was acquired by Lonza from UCB in 2006. It is Lonza's main facility for the custom manufacturing of peptides, also providing process development services (from gram to several kilo of API production delivered to Biotech and leading Pharmaceutical companies). Lonza Braine is also the centre of R&D for Lonza's peptides business.

The facility located in Verviers is responsible for the production and European distribution of Lonza's bioscience products, and was acquired in 2007. Both acquisitions fell completely in line with Lonza's strategy to focus on Life Sciences.

More specifically, Lonza bioscience manufactures the tools that our life sciences customers use to discover, develop, produce and test therapeutics. This includes a whole spectrum of products ranging from cell culture and molecular biology tools for life science research, to cell culture media used in the production of therapeutic drugs and tests for microbial detection, in which Lonza is the market leader. Along with this, we also offer cell therapy custom manufacturing services. Given the diversity of our services in the biosciences domain, our customers range from academic researchers to large pharmaceutical and biotechnology organizations.

In May of this year, Lonza appointed Mr Richard Ridinger as its CEO and Member of the Management Committee. What does this change in leadership tell us about Lonza's strategic direction?

The strategic direction of Lonza has remained unchanged, with the focus firmly remaining on the life science markets. However, there has been increased sense of urgency and emphasis placed on delivering short and mid-term results against expectations.

As a worldwide leader supplying the pharmaceutical and life sciences industry with biopharmaceuticals, Lonza caters to seven distinct markets with state-of-the-art products, services, and research. In Belgium however, exactly to which market segments does Lonza cater to?

The two sites of Braine-l'Alleud and Verviers cater to the Bio-Research and the Pharma & Biotech market. In the latter case, these companies tend to be much larger and we aim to satisfy their needs for the manufacturing of their drugs.

For instance, we provide customers with cell culture media for both research and biotherapeutic applications. While not considered as an API, the media is critical in the research and production of biological drugs. The scale and quality assurance requirements increase as the customer products

progress from the laboratory, through clinical trials to commercial use.

You mentioned that you cater to an array of customers, however, in Verviers where is the majority of your activity generated from?

A majority of our activity is export driven. On the academic side, we distribute over 150,000 parcels per annum across Europe where a majority of our research based clients are located. Our pharmaceutical and biotechnology customers are also principally located outside of Belgium.

Considering that innovation is at the core of your activities, how has Lonza shaped its structure and policies in order to promote an environment of creativity and innovation?

Lonza is a leading custom manufacturing organization for pharmaceutical and biotechnology companies across the world. In this respect, we are benefiting immensely from over 20 years of experience in this field in order to develop cell culture media that is aligned with our customer's requirements of robustness, quality and yield. Primary research for the development of new formulations is not carried out in Belgium but at the divisional headquarters in the USA. This research is complemented by activities in Slough, UK, and Cologne, Germany.

Considering Lonza's long term commitments in Belgium, how would you rate the country's business and investment environment?

Being based in Belgium offers two main advantages in terms of environment. First of all, Verviers is located in the close proximity of a number of academies including the Liège University in Belgium, the Maastricht University in the Netherlands and Aachen University in Germany. They supply an attractive pool of talent that is looking at developing a career in the life sciences industry. It therefore comes as no surprise that our Verviers workforce is actually rather young, with an average age of 35. Best of all, the average tenure of our local employees is close to 7 years, an illustration of the attractive working environment we offer.

The second advantage is derived from the Walloon and Belgian governments' relentless focus on the development of the life sciences industry. As a result, we have benefited from significant support in terms of subsidized investments and networking possibilities, among others. These advantages will certainly help to maintain our commitment to the Belgian market. Indicatory of our strong commitment to growing our Belgian facilities, Lonza has invested over CHF 7 million into the Verviers facility alone since its acquisition.

Last year, Lonza's UK affiliate saw significant investments in its local production facilities. Are there any similar plans to extend these investments in the Belgian context?

As mentioned, since Lonza acquired the Verviers facility, significant financial resources have been invested into the facility to upgrade our capabilities. The aim was to expand our non-animal

originated liquid media manufacturing capabilities, as well as investing into a new state-of-the-art power media manufacturing facility. This has enabled us to adequately accommodate the double digit growth we have observed over the past and prepare for continued growth in the years to come.

In terms of future investments, we see potential to expand our European cell therapy operations. This segment relates to regenerative medicines and as such is a core focus of our division. In terms of cell therapy contract manufacturing, Lonza currently runs two large facilities, one in Maryland, USA, and the other in Singapore. The manufacturing space for Cell Therapy in Verviers is relatively smaller, offering expansion potential in the mid-term.

Your counterpart Mr Gordon Bates noted to us that as a custom manufacturer, their preferred way of working with customers is through a strong collaborative project management approach to understand their needs. That said, what makes Lonza in Belgium the partner of choice considering the presence of strong competitors such as Eurogentec?

As custom manufacturer of media and cell therapy, Lonza Verviers follows a similar business model to Lonza Slough. We rely on a strong and experienced Program Management department, where we work hand in hand with the customer to ensure the suitability of the required media to their specifications. Through the program management organization, we follow up with our clients along every step of the process from the purchasing of raw materials, to the manufacturing of the media and the delivery of the final products. Hence, we do work very closely with the customer and keep them well informed of the progress made throughout every step of the process. I believe this endows Lonza with a strong competitive advantage. Moreover, I would add that the stability and superior quality levels that the documentation and monitoring of production processes confers Lonza with another significant competitive advantage in this field.

One characteristic of the Belgian life sciences industry is its pioneering biotech sector and highly reputed academic institutions as well as the innovative research alliances that have been generated between them. How have such strategic partnerships with Belgium's life sciences industry and academic institutions been relevant to Lonza's research initiatives?

Being located in Belgium, we obviously benefit from the proximity to a significant number of large pharmaceutical and biotechnology customers. Likewise, Belgium boasts a growing number of smaller start-up companies, particularly in the field of cell therapies – an area which the pharmaceutical industry is increasingly moving towards. Owing to this proximity and close collaborations, we are in an ideal position to develop specialized cell culture media for cell therapies, or other products that are in line with the needs of these pioneering and cutting-edge companies.

As one of the world’s most important pharmaceutical industry and a priority location for Lonza, what would you like to achieve for the company in Belgium over the next 3 years?

We will strive to remain the European centre of excellence for Lonza Bioscience, both in terms of production and distribution. While continuing to benefit from the industry trend towards biologics, we will focus on generating profitable growth for the company. We very much look forward to welcoming new customers to Verviers and to support existing customers with their business goals and strategies. Overall, it is a very exciting time for the biotech sector in Belgium. I am very proud to represent Lonza and remain hugely optimistic about the future.

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