Interview: Nilsa Martinez – General Manager, Pace Analytical Puerto Rico



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Nilsa Martinez, general manager of Pace Analytical Puerto Rico, outlines the affiliate's services in microbiology and chemistry analysis as a critical service provider to the local life sciences industry.

You have been General Manager of Pace Analytical since 2010. What initially drove you to this company and what were the main objectives you set for yourself upon arriving?

My previous employer, in which I served as the contract lab services manager, had established a strong relationship with Pace. In this position, I became familiar with Pace's services and business capabilities. I realized that Pace was a very strong company with an established foundation; as I was looking to grow my professional career combined with Pace's acquisition of new business in the medical device area, the opportunity to work here became very attractive! This position also represents an opportunity to learn a new set of skills in the service environment for me because I had not previously worked in the service area; I was usually a client. Understanding the other side of the coin has certainly been a humbling experience for me.

What were the most noteworthy challenges in that regard?

My first challenge was to realize that different does not necessarily mean bad; it's just different. We provide services to multiple companies which have their own unique quality systems, cultures and products; adapting to that diversity and meeting the customers' needs was the most challenging aspect.

How easy is it for Puerto Rican life science businesses to obtain services in microbiology and chemistry analysis?

As a service provider, the situation is better than ever. Companies are facing many challenges to meet their financial goals and Pace has a value proposition in that we can provide chemistry and microbiology testing services with the same quality in a shorter period of time, reducing laboratory operational costs. Our proposition is to shift from make to supply. Pharmaceutical companies make medicine and contract laboratories like Pace to provide expert contract services for that production. There are countless opportunities for us; we estimate that by outsourcing lab services, life science companies will reduce their costs by up to 50 percent. Maintaining a facility like this is not the same as distributing your operational costs among multiple clients instead for one or two products.

Having the Pace brand must also have its added advantages.

Pace has a strong foundation with 37 years of experience in contract laboratory services. Our statement of purpose is to meet the businesses of our customers for high quality, cost-effective analytical measurements and services. We can do that through our core values of integrity, value employee, know our customer, honor commitments, flexible response to demands and continuously improvement. Pace Analytical Puerto Rico has become an expert in implementing process excellence tools to identify areas of improvement. Efficient processes and lean operations guarantee success in a laboratory. I believe Puerto Rico’s biggest differentiator is its talent and the type of professionals we have here. We have been harvesting many professionals because of Puerto Rico’s campus and the diversity of pharmaceutical and medical device companies on the island.

Pace Analytical runs a number of laboratories around the world, the Puerto Rican affiliate having existed since 2003. What is the strategic importance of this facility within the Pace Analytical network?

The company’s life science division has two laboratories, one in Oakdale, Minnesota and one in San German in Puerto Rico. The strategic advantage of the San German laboratory, among others, is our competitive cost model. Taking aside Puerto Rico’s tax structures and so on, our strong foundation combined with local talent and cost-competitive wage structure makes a phenomenal difference. Our rate per hour is approximately 60 percent of that in the US and the majority of our biggest competitors are in the US, not Puerto Rico. Another advantage is local bilingual support. Our clients would rather interact with us face-to-face in Spanish and visiting this plant is only a

short drive away. Companies do not have to ship samples to the US as an added cost. This makes a huge difference for our customers.

Rather than competing against each other, it feels like there is more of a communal effort among service providers to the industry in Puerto Rico. Do you feel that sense of community even as a multinational company based here?

We do feel that sense of community in terms of wanting to keep the work local for the sake of local economic movement. But of course, there is competition in areas where multiple companies offer the same services. Additionally, Pace Analytical is now a top ten contract lab service provider in the life sciences area, whereas five years ago that was not the case.

Could you elaborate on the services that are provided by the laboratory on this campus?

We are mainly focused on raw material and microbiology, and around 65 percent of our work here is related to raw material testing. We also do some finished goods and active. On the microbiology side, we provide a large variety of services from microbiology tests and water testing to utility testing and microbiological identification. Pace Analytical has new state-of-the-art technology called matrix-assisted laser desorption/ionization time-of-flight mass spectrometer (MALDI-TOF), which allows us to identify a colony within minutes. Older technology requires waiting up to 24 hours for a positive ID; its chemistry technology applied in microbiology to identify bacteria through their unique proteins within minutes. That is huge for companies because microbiology is typically the bottleneck in a product release.

How does the convergence of technologies across different areas of the life science industry affect the way that you can offer or tailor your services to different clients?

Pace Analytical keeps up to speed with these new technologies. Our Oakdale Laboratory not only supports us as a backup for big, unexpected influxes of samples but they also serve as a BCP (business continuity program) in case of major catastrophes. That business continuity advantage is very useful for clients. Simultaneously, our Oakdale laboratory has additional, more sophisticated instruments available; they focus on method development and research because the campus in the Minneapolis area is more geared towards R&D than manufacturing sites like here. In that sense we can support each other.

Could the success of this affiliate over the last few years open up new doors in terms of Pace Analytical extending its life sciences coverage to new locations?

Our strategic geographic location is in the US and in Puerto Rico. However, we provide services outside of US territory such as the Dominican Republic; we go there weekly to perform utilities testing. The opportunities exist and as long as the business continues to grow, we will look for opportunities to expand. Right now our major focus is on Minneapolis and San German, and here we actually have expansion plans. General Electric will be evacuating its premises next door towards the end of 2015, and our plan is to occupy one of the buildings they are leaving, doubling our capacity from about 11,000 square feet to 23,000 square feet and allowing us to absorb new work. We will have one building dedicated to microbiology services and another dedicated to chemistry services.

Could Puerto Rico serve as a base for the company to expand more into South America, reflecting a pattern of companies here exploring Latin America more often?

We have timidly explored the possibility, but customs pose an interesting challenge. Bringing samples in and out it requires hours of paperwork and processes; furthermore, samples with a holding time or microbiology-related samples are easily damaged. In the case of the Dominican Republic, we arrive in the morning, perform the sampling and return the same day. We have the samples as a carry-on. Thus we are exploring the idea of Latin America, but only in initial stages.

Where can we find Pace Analytical Puerto Rico in 2020?

By 2020, I aim for this affiliate to be the center of excellence for all raw materials testing in Puerto Rico. If multiple multinationals in Puerto Rico are using the same excipients, they can be tested by one company. This work can be centralized in a contract lab that has the foundation, knowledge, system, processes and talent. This could potentially provide tremendous savings for companies. That is one of our selling tools; the more volume I have, the more competitive costs I can provide. I'm using the same equipment and reagents. For me, to be the center of excellence of all excipients on the island would be my ultimate goal related to chemistry. Related to microbiology, the identification of microorganisms can be done in its entirety here without leaving Puerto Rico; we operate services seven days a week, providing identification within minutes. Personally, I have the experience in the pharmaceutical industry that this affiliate lacked prior to my arrival. I brought my understanding of clients' culture and the value of products into Pace and that has helped us immensely. When you talk to the clients we talk in the same language; I understand their pain and suffering because I was there once.

What are your own expectations in terms of how you see the life sciences sector developing in the future, and of course with Pace's position to service those companies?

Puerto Rico’s biggest differentiator is its talent. We have a group of talented people and professionals who, in my experience working in Mexico and Ireland, did not have that expertise. Even big companies have international assignment programs in which compensation is excellent but lack true talent in certain areas. For me, the Puerto Rico campus has allowed us to harvest the most capable and talented professionals in the life sciences industry and I believe we should take advantage of that and continue to work together towards the same goals and objectives that we have for improving our health. Pace value proposition is to shift from make to supply; that is the opportunity. Companies need to realize that they still have that inside opportunity for which they can continue to outsource certain services and they can do better. Pharmaceutical companies will continue to focus on manufacturing medicines for many more years in Puerto Rico. In fact, every time that a doctor or a patient uses a medicine it is very probable that it was tested somewhere here by the utility support that we do on the site; by testing an excipient, through a method validation, it is very likely that Pace Analytical was involved in that supply chain. I feel very proud about that because I can say that I was involved in the manufacturing in something as simple as an OTC pill or something as complex as a drug that treats cancer or HIV because those drugs are being produced here in Puerto Rico.

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