Interview: Jared Haley – General Manager, C-Axis, Puerto Rico



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Medical device manufacturer CMO C-Axis founded its facility in Puerto Rico in 2003. Jared Haley, the affiliate's general manager, discusses new technologies and the company's positioning within Puerto Rico's growing medtech sector as a key service provider to the industry.

Looking at C-Axis's products and services here, what are the areas in which your clients need the most help?

In terms of the manufacturing techniques, especially with some of the higher level projects that we are doing, many people lack the legacy knowledge. The machining aspect is here but we specialize in Swiss-style machining which is not very widespread on the island. As a result, we spend a lot of time with biotech and medical device engineers going over what can and cannot be done. So manufacturability is one of the greater issues for our clients and even if they do not necessarily come to us with regard to this aspect, we often end up becoming involved.

Our main service includes the prototypes for products – and that is how the company began. Our founder Jeff Haley was working for a major medical device manufacturer and back then the eight houses that did prototyping were so successful that they refused to do R&D for less than $1 million. All of his customers said that they did not have the expertise to make the prototype or the design to get to production. So that is how most of our product lines have started here in Puerto Rico.

Over 50 percent of our business comes from products which we designed from scratch with the customer to bring the product to market. Our prototype shop is not a fixture shop but rather a service that we set up for our development teams to work with the client. As a contract manufacturer, we do not see our company as a separate business because we become a part of our clients' business and our shop becomes their shop. We try to work with them on how the price is going to be broken down and schedule what our testing plans are going to be to mitigate both their costs and ours.

Gaining the trust of the client must be a really important factor when it comes to getting them to outsource production to C-Axis.

We create relationships with our customer base and we have the implicit trust of our customers and vice versa. We have been in Puerto Rico for eleven years now and in that time we have cultivated our main client base which trusts us not just to design the product but also to suggest ideas for what is going to be possible to make and what is going to save them a lot of money. That second step is where our services really add value.

You mentioned that Ireland and Germany may be potential options for expansion; could you elaborate on how you would work with those countries?

We currently have sales reps in both of those countries. When we began, the euro was at a good point for us to start quoting there and we actually won some products from Germany during that time. However, the exchange rate is now less favorable so the opportunities are harder to come by but we still have reps out there and there are a lot of companies from where we can get work. Our strategic placement and links with America mean we have are in a very good position.

Could you highlight one or two examples of projects which you are particularly proud of?

We have worked with the local Company on a product that is now widely used in the medical industry. It has revolutionized its application and that is actually a project that I rejected when it was first proposed. But they kept pushing the idea and eventually we gave in; this product has really taken off and it is possibly our second biggest selling product.

In terms of controlled growth and increasing your client base, what strategy will you implement to achieve this?

We are very cautious with regard to which projects we take on; if you overestimate your capacity it hurts everyone. Our strategy at this juncture is to have three or four major quotes out there and

then we generally have capacity for one or two of them. There are no projects that are too small for us but there are some that are not the right fit. We are approached a lot because we have state-of-the-art equipment so people ask us to do one or two-piece fixtures for their equipment. However, it would not make sense for us to take on this kind of project because the cost of our quality system for a one or two piece fixture part will be greater than the cost of the part. We try to cater for a very specific part of the market and when a project falls into that market we run with it. We have product lines where we run under a thousand a year and others in which we run two or three hundred thousand a year – although there is a large disparity between them in terms of fitting the niche of medical devices.

As someone who is not originally from Puerto Rico, what is your assessment of that engrained culture of quality here?

Quality is the first and last thing that we think about here and I am proud to be a part of this company because quality always comes first. It is refreshing for the employees because bad quality is not something to hide to save a couple of dollars but rather to bring out into the open so we can ensure that no product leaves this building with a defect that could potentially harm somebody.

The cost of an engineer is much higher here than in other countries with equal quality. Do medical device companies consider that when looking to outsource projects to companies like C-Axis?

In Puerto Rico, you get the quality of the US at a bargain price. The engineers and general workers here are not paid substantially less than the US, but the quality is the same because the FDA and the customer remain the same. I cannot speak for India or China but I would rate the quality here equal to that of our facility in Minneapolis any day.

Upon becoming General Manager of C-Axis, what were the priorities or challenges that you had to tackle?

The main challenge revolves around dealing with the changes and incentives on the island and the impact that is having on the economy here. The medical device industry is flourishing but we are concerned about the mass exodus of talented professionals which we are seeing at this juncture. Although this is not currently affecting us, we want to ensure that that remains the case because almost every position I have in this facility is for a degreed engineer. Another concern is the steps we have to take to weather the economic issues which have caused this exodus.

Does the lack of competition in terms of other specialized contract engineering companies related to the medical device industry here give you an edge?

We do not have a lot of companies we are competing with but, in my opinion, the greatest competitive factor, as with anywhere, is that you want to support your local economy. We pride ourselves on the fact that this company is made up of Puerto Ricans, we do business in Puerto Rico and that is a great selling point for us. I would say that about 75 percent of our sales are on the island and most of the remaining 25 percent is from work with companies which were originally on the island and then moved.

What is the main objective that you have set yourself for the next year or so?

C-Axis is well-known in Puerto Rico and while we are working with many companies here, there are some major players that we are still trying to connect with on the island. For me, the path forward is controlled growth. We have the ability to go in any direction we want because there is competition lot of available work on the island; therefore we must strike a balance between expanding our customer base and getting new projects in while being able to grow in the required time frame.

Where can we expect to find C-Axis in 2020?

I think we will have expanded. We are very niche right now and we are gaining new capabilities every year. When we started here we had three lathes and a mill and now we have thirteen Swiss-style lathes, more mills, lasers and grinding machines and there is no technology that we will not take on. Of course, as we grow our knowledge base grows too. Personally, I see us working with new and emerging technologies, developing base technologies and becoming the full partner that our customer needs. We are already starting to do assemblies and I could see us evolving into a one-stop-shop for our clients for the design, production, sterilization and packaging of their products. Since we are already making the part, it makes sense for us to deal with some of these more abstract aspects which a lot of companies do internally but don’t really making money from.

What is your assessment of the evolution of the medical device industry in Puerto Rico over the coming years?

The quality systems on the island and the companies and products we are working with have really evolved since I came here and we have benefited from that movement. In the company’s early days, our customers brought us along on their FDA adventures and helped us to build up the business. So I think the island is going to progressively grow and continue to service the world’s

needs in the medical industry.

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