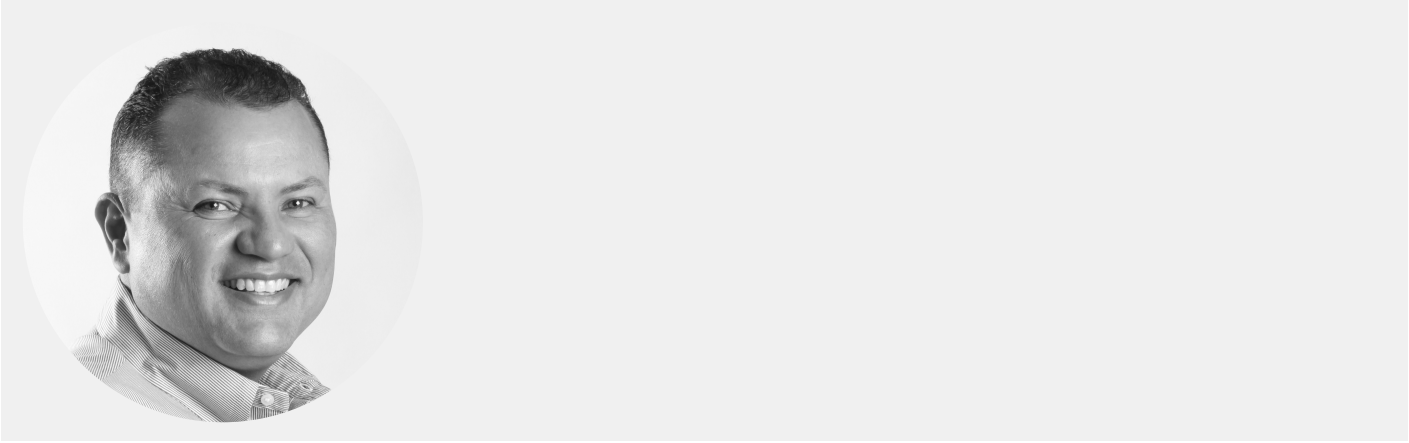
Interview: Juan Sénquiz – President and CEO, JC Automation, Puerto Rico



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Juan Sénquiz, President and CEO of JC Automation, weighs in on the capacity of Puerto Rico's local pharma service industry to grow globally and how the company's computerized systems services have helped some of the biggest names in the industry to automate more effectively.

We have seen a lot of change in Puerto Rico's life sciences industry over the last decade. What is your assessment of the current situation for pharmaceutical companies and their need for service providers like JC Automation?

We are certainly in interesting times. There is a lot of pressure on cost and doing more with less. Some of our customers have to compete for business not only with other pharmaceutical brands, but within their own brands in other territories. Our customers are constantly being challenged, so our mission is to help them identify and implement technological or procedural solutions that can make their process be more effective or that will allow them to transfer new products to their plants faster. The services that JC Automation provide are focused on automated processes, or ensuring that customers consistently produce high quality goods, with less operator intervention in compliance with regulatory requirements. I think that you need to automate to compete nowadays; this is no longer optional.

Does the implementation of automation change the nature of human resources?

Absolutely, but people are the number one asset of every company. So the human factor is always needed, and the hard work culture we have in Puerto Rico's workforce adds a lot of value to the manufacturing processes. We need to make sure that we use it wisely. Part of that is to take tasks that could be automated out of the customer's hands and keep the focus on more strategic areas, where they can add value to their operations. Many customers are focusing on adding up agility, being flexible and able to start up a new manufacturing line faster than they used to do it. That does require standardization and appropriate systems.

Where does Puerto Rico fit in the global perspective in terms of being competitive for implementing automation among the various life sciences companies based here?

Puerto Rico is a leader in this area. Many companies have global teams to define standard automation strategies across all of their sites. Many of these teams are either based in Puerto Rico or have key committee players from Puerto Rico leading the effort. Our workforce comes very well-prepared out of college; the Puerto Rico engineering universities are doing an excellent job.

How do you ensure that your clients stay competitive within their own organizations for investment?

They always focus on making sure that they are cost-effective and that they can deliver it faster than the competitors. We have recently seen cases in which they have to bid for manufacturing volume and they have to put together a whole business case on why Puerto Rico is the best option. There are many considerations not just the experience of the people; but also the technology available at the site, and the network in place to support it and how fast it can be deployed.

JC Automation offers many services to the life sciences industry. What is particularly competitive about your offering?

JC Automation focuses on computerized systems. All our services revolve around automation or technology that enables automation. We provide a single source for design, implementation, validation, and management services associated with computerized systems. Managing the whole cycle allows for easier project implementation, as knowledge and expertise is leveraged across one functional team among the various phases.

For example, we have partnered with VMware to accelerate the deployment of server infrastructure required for Automation projects. In the old days, obtaining new hardware took three months; now it is done in two days. In addition, we are helping customers to know more about their processes by allowing them complete visibility to their critical process parameters using OSISoft. This allows the

customer to really understand what is going on with their processes. It also allows the customer to compare the product batch running now to a batch from a year ago, and determine if there is any variation and why; that helps our clients greatly.

How did this partnership with OSISoft come about?

We learned about OSISoft from one of our customers. At the time we did not had the expertise but we saw the opportunity and went for it preparing our people and the infrastructure to make it part of our service suite. The partnership OSISoft is part of this preparation. OSIsoft is one of the few companies that can interconnect with any piece of equipment regardless of which brand it is. Typically, certain parts require dealing with specific companies but OSISoft can get information from practically any source. Customers can see all their plant information in one single database regardless of which brand of equipment you are using, great value.

JC Automation has been very active in promoting its brand overseas in the mainland US, Dominican Republic and Brazil to name a few. What is your overall internationalization strategy?

We are taking advantage of multinational plants with sites in Puerto Rico. The strategy is simple; people do business with people they trust. It is easier for us to obtain business with companies using feedback from a previous customer than to simply cold call them. We are following the sites of the companies that are based here in Puerto Rico setting up proper infrastructure at each country and leveraging local Puerto Rico talent with the talent found at the countries we are serving. All administration services are kept at our headquarters in Humacao and regional work centers are habilitated for sales and execution logistics at the remote locations near our customers.

The regulatory mindset of these other countries is sometimes not as stringent. How challenging is it for you to get customers in other countries to adhere to that mentality?

It has its challenges. Some people are more challenging than others. As a consultant, you have to give the best advice possible and help the customer balance business needs with regulatory requirements. Certainly, other places in Latin America do not have the same level of awareness of compliance than here. Even more, those that have had the opportunity to execute projects in Puerto Rico and mainland US are witnesses to the fact that local companies have a higher sense of compliance than in the mainland, as the FDA regulators are more demanding. This makes us very prepared for audits and boosts our positioning compared to the rest of the world, including many clients in the mainland US.

As another example, JC Automation also serves the food and beverage industry. On one occasion, there was a need for a pharmaceutical employee to cover a food and beverage employee who was sick. He had to do some computer work and he knew exactly what to do in terms of process and compliance despite being in a different industry. That is the standard mindset of the people. Whenever we need to do a project for outside Puerto Rico, we always look for Puerto Ricans because we know it will be done the right way.

What is the next step for internationalization?

Maintain our focus on leveraging customer referrals that are obtained by delivering high quality services. Our workforce, the key to our success, knows that our company is as good as the delivered services, so attention to detail and discipline are key elements of our culture. We have come a long way since 2006 when we first decided to export our services but there is much more to do yet. Our pipeline has very exciting new places for us including Spain, Ireland, China, and Germany. However, we are in no hurry; we have to follow our own path and make sure that the results of our execution wherever we go help us move up.

What makes JC Automation the computer systems partner of choice for the life science industry?

We have the experience, the technology and an outstanding project track record. Our workforce and our partners' network allow us access to world class resources that are focused and committed to deliver value for our customers.

We always deliver what we promise, and always make sure that the system we implement fit our customers' needs.

What is the potential of the Puerto Rican service provider industry to become global?

We transitioned from a worker to an entrepreneurial culture. The talent that we have in Puerto Rico, the universities and what we have learned from working on these multinationals for so many years has prepared us to compete at any level. Furthermore, we have worked in the key foundations to acquire capital needed for entrepreneurial growth with local forums like the one provided by *Grupo Guayacán*, and others.

For example, I am member of a Puerto Rico Minority Suppliers Development Council, which meets monthly to interchange ideas and learn from one another. To comply with the committee's goals, we are using a process we called "Coaching Ourselves". We are talking about all aspects of our businesses including what to do and what not to do. In the future, you will see many more of these

companies branch out at a good level. Certainly the expiration of Section 936 of the US Internal Revenue Code has helped us exceed and get out of the comfort zone, by forcing us to look beyond our shores.

If you will to decide where to put your manufacturing site, you should take a close look at Puerto Rico and its capabilities. Local people in the manufacturing and pharmaceutical industries are dedicated and hard workers, and there is no process or technology in life sciences that we cannot get to work on efficiently. Trust in Puerto Rico!

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