Interview: Brendan McAtamney – CEO, UDG Healthcare, Ireland



"Generally speaking, we have a simple three-lens approach to asset acquisition. First is the strategic fit of the capability, second is the financial return and third is the cultural fit, as we are a people-based company."

17.02.2017

Tags: Ireland, UDG Healthcare, Sharp, Ashfield, Pharma, Packaging, Serialization, Service Provider, M&A

Brendan McAtamney, CEO of UDG Healthcare, details the company's impressive growth in recent years, particularly in North America, across both their Sharp and Ashfield business units. He also expands on the company's proactive M&A strategy as well as his vision for UDG Healthcare in the coming years.

You were appointed to your current role as CEO nearly one year ago to the day. What has the transition period been like?

The transition has been both smooth and exciting. I had been COO for two and a half years prior to the appointment, and I had worked very closely with the previous CEO, Liam FitzGerald, in terms of the ongoing development of the strategy including M&A and the fundamentals of the business. The transition was therefore very much business as usual, and more an evolution of the strategy rather than a revolution.

As an introduction for our international readers, could you provide us with a general overview of your current operations?

Our business customers would be more familiar with our brands, which are Ashfield and Sharp. For example, in Sharp, we are the second largest dedicated packager of pharmaceuticals in North America. We provide services ranging from clinical to commercial packaging. Additionally, we do

formulation development, packaging and distribution for clinical trials as well as commercial packaging for biotech and biopharmaceutical clients. Overall, we currently work with all of the top names in the United States.

In Ashfield, we provide two groups of services. First are our commercial and clinical services, which are a provision of either a sales representative, a nurse or a call center. These services give our pharmaceutical clients a degree of flexibility, and currently we have over 1,000 sales representatives in the US and 500 nurses. Many of the newer medications are by injection, so our role is to help the patient understand the injection, when to take it, where to take it as well as any possible complications, and this can be either over the phone or in person.

The second core-capability in Ashfield is around communications. We provide a lot of the scientific and medical communication that pharma will use for its customers. If a pharma client is launching a new product, and they are putting together a key opinion leader advisory board, we would take a lot of their scientific data and produce either hard copy or online content for meetings. Additionally, we produce material that will be used by a company’s medical sales liaison, sales representatives and marketing teams.

Across the variety of services that Ashfield offers, which are currently driving the most growth?

[Featured_in]

Both groups are growing, particularly in North America, where our commercial clinical services are growing very rapidly. We have recently landed a very significant client which has really rapidly developed our commercial footprint in North America. Our service provision is usually dedicated to a contract with the North American headquarters, for example to provide representatives in North America, whereas on the communications side, our contracts are usually for clients, producing content that will be used globally.

Last year Sharp was your fastest growing business segment, producing 12 percent growth. How do you plan on maintaining that in the coming years?

The fundamentals of that market are very strong, as the pharma industry is outsourcing more packaging, and we see that there are more launches in the near future as well. In 2016 there were slightly less products that were approved by the FDA, whereas 2015 and 2014 saw the highest number of products approved in almost a decade. However, looking forward, we see the prognosis for the next 5 years to be very healthy in terms of product launches, and as there are many

products being launched, we will experience growth. We have actually expanded our capacity in North America by 30 percent, the realization of an investment of 45 million dollars in Allentown, Pennsylvania.

One of the key services that Sharp provides is serialization. Do you see that as being a key driver of growth in the coming years?

Absolutely, particularly in North America again as well, and this is why. If you look at ibuprofen, the pharmacist would take 1,000 doses in a big bottle, and then split them into quantities of 30, 60 or 90. With the impending regulations, each of these smaller packaged doses also need to be uniquely identified with their own serial number. Pharma is doing that themselves, they are producing smaller bottles, which simply multiplies the volume, so they will have to package more, and we are on the cutting edge of serializing these products.

We have been serializing a controlled substance in North America, Suboxone, since 2009, which gives us a unique track record in the industry. For customers that demand it, we have been able to serialize products to five levels of serialization from the pallet down to the individual tablet. That kind of traceability means there is a lot of data to manage – as printing the serial number on the box is probably the easiest part. We have a strong advantage in terms of the aggregation of this data.

Take for example a hepatitis-c patient and their medication, which could be a $80,000 12-week treatment. Having a unique number on the pack to track the consumption of the medicine for the patient is really important, and we will be using the data that we collect to help stakeholders intervene, manage and further help patients.

UDG Healthcare has evolved extensively over the years, in larger part due to M&A activity. Could you expand further on the company's broader M&A strategy?

Generally speaking, we have a simple three-lens approach to asset acquisition. First is the strategic fit of the capability, second is the financial return and third is the cultural fit, as we are a people-based company.

In relation to Ashfield, our strategy is to build capabilities from the clinical line to the commercial line, meaning from market access, to advisory and consulting, then to content communications and finally to commercialization. We are looking to do that in major markets of the US, Europe and Japan, which are still by far the largest value drivers of the pharmaceutical market today, and will remain so. We aim to have leadership positions in those markets, so we are focused on building

capabilities in those key geographies to ensure we deliver on this objective.

In Sharp we are focused more on capital expenditure. We have recently completed a $45 million expansion of our production capacity in the US, increasing our capacity by 30%, which gives us great opportunities for growth.

Are there any future plans to expand the company into more of the emerging markets?

The strategy moving forward is that yes, we want to expand into emerging markets, but not right at the moment, the reason being our bandwidth. Our company was formed in 1948, however, from 1948 to 2000, it was essentially a distribution company, largely on the island of Ireland. From 2000 onwards we started to internationalize, as well as offer different services. We have a presence in China via our 2016 acquisition of STEM, the leading global provider of commercial, marketing and medical audits to pharmaceutical companies. We are still looking to further develop the infrastructure of the company, we are investing in a new financial system, a new HR system and building our capabilities in our key geographies and developing the talent to run those capabilities. Once this is accomplished we will look toward market entry into China, as the country represents roughly 75 percent of the total emerging market opportunity.

[related_story]

There is clearly a trend in the pharma industry to outsource the company's non-key activities, which obviously creates great opportunity for UDG Healthcare. How do you plan to position yourself as the partner of choice to attract this business?

We attract business by doing a fantastic job for our clients. We all outsource as consumers every day, from hiring someone to wash your car or to cut your lawn. You could do this yourself, but sometimes you are too busy. If you outsource to a person that does the job in an excellent manner, gives you great customer service and brings energy to the job, you will continue to utilize their service. That is what we do, we provide great service with energy and innovative solutions. If we continue bring a true sense of a collaborative partnership, if we bring quality, customers will continue to come back to us. This is instilled in our company values, and is really what differentiates us from our competitors.

As your company values are key to the success of the company, how do you make sure they are being upheld across an organization of more than 8,000 employees in over 20 different countries?

We make our values important in our everyday dialogue and we put them into our performance appraisals, meaning that on an annual basis, people are judged on their application of the values. Additionally, we use them as part of our leadership development, where for example we have an “Inspire Program” which over 300 of our top leaders have been through, and we use them as part of the rewards system as well.

The brands of Ashfield and Sharp are very alive, but what connects us is our values. They enable us to deliver on our vision, and our vision is similar to our client’s vision. We are working to improve the lives of patients around the world, and we do that by leveraging our real strengths, in our key geographies, with our key capabilities.

Even though you have expanded internationally, you are still an Irish company. Could you expand on some of the different ways you are helping to give back to the community in Ireland?

Yes, of course! We make donations to charitable causes and this year we helped Barnardos Children Charity, the LauraLynn Childrens’ Hospice Foundation as well as ICAN, the Irish Children’s Arthritis Foundation. We are really delighted by this activity because all of those organization were chosen by the employees.

We are developing here in Ireland as well, most recently by moving Ashfield Healthcare communications here to Dublin, and that is just the start. We have only been in this office one year, and when we opened we thought that we would have 30 percent capacity, and currently we are nearly full. Ireland is very important for us; it is a great destination to run an international business.

Looking forward to the next three to five years, what are the most fundamental achievements that you want to accomplish?

There are three things we plan to do. First, we will be a great company to work for, and we will have a defined profile that attracts the talent that we need to deliver the job that we will be doing. Secondly, we will be a great partner for our clients, and that is important as they are the lifeblood of our company. Lastly, we will be giving great returns to our shareholders, which is important as they give us the capital to invest in the company going forward. If we do these things, and we have great people, great partners and great shareholders, we will deliver on our vision.

See more interviews