Interview: Mark Griffiths – Group CEO, Dishman Group



"Our sole focus is on ensuring that customer needs are addressed as swiftly and effectively as possible!"

24.03.2017

Tags: Switzerland, CARBOGEN AMCIS, Dishman, Pharma, Drug Development, Strategy, M&A

"Get it done! That is what CARBOGEN AMCIS is all about!" – The CEO of the Swiss drug development and commercialization services company elaborates on the company's strong mindset and declares customer intimacy to be their unique selling point.

CARBOGEN AMCIS celebrated its 10th year since joining the Dishman group. What was the logic behind the acquisition when it initially took place?

Janmejay Vyas—the owner and founder of Dishman—knew inherently that Western customers would not consider India as their 'go-to' address to develop new chemical entities, despite him being a highly educated scientist with an astonishing track record. He understood that to attract Western customers, he would need a Western, high-tech, high-quality front-end to his business. After establishing a relationship with customers, this front-end then could support the growing needs of Western pharmaceutical companies by connecting them with the back-end of the business in India, where they could provide large scale manufacturing at competitive costs and with a robust quality assurance system. Simply put, Dishman acquired CARBOGEN AMCIS to have a Swiss client-facing business, where they could establish new relationships with new customers without the negative preconceptions many Western customers tend to have of Asian companies.

From the CARBOGEN AMCIS standpoint, the acquisition was mutually beneficial. Prior to the acquisition, we were capacity limited and thus lost many opportunities as we were not able to meet the commercial requirements for long term and large scale production. Therefore, the acquisition brought synergies to both parties; a shiny, Swiss high-tech business to act as a front end for

Dishman, and access to high quality, cost-appropriate , large-scale production capabilities to CARBOGEN AMCIS.

Ten years down the line, this strategy still prevails. I believe that we covered a lot of ground in rebuilding CARBOGEN AMCIS with the underlying philosophy and desire to push forward and provide our clients with access to large scale production. Obviously, it was not always easy; the cultural difference in between the two organizations at the start of the consolidation phase was immense! Notwithstanding the challenges, both entities worked relentlessly, thus coming together and eradicating existing barriers rapidly. Bear in mind that Mr. Vyas went through what I would call a ‘trial acquisition’ beforehand. Dishman acquired a business in financial distress located in the UK prior to acquiring us, thus gaining experience in the acquisition process of a Western company. Today, the UK facility has been integrated into CARBOGEN AMCIS and is a fundamental part of the business; they do most of the large volume complex intermediates that are non-GMP, as there is generally very little non-GMP manufacturing that takes place in Switzerland.

We understand that the Dishman Group is running very efficiently at the moment – 95 percent capacity in some areas, revenues up 42 percent since 2012 with EBITDA margin nearly doubling to 25 percent. How did you manage to achieve these results after rejoining the company?

[Featured_in]

When I rejoined CARBOGEN AMCIS in 2011, we were confronted with a borderline disastrous set of numbers from which we managed to, not only recover from, but double over the last six years! We had a series of issues to resolve and challenges to overcome—including building up a new management team and bring in fresh thinking—which enabled us to imbed the right philosophy to bring the business back on track.

What do you consider to be the raison d’être of CARBOGEN AMCIS, the core focus of your business?

Our sole focus is on ensuring that customer needs are addressed as swiftly and effectively as possible! If one scrutinizes the CARBOGEN AMCIS business and disregards the commercial products we produce, he would soon conclude that it is about speed and getting the right answer swiftly and on the first try. We aim to establish very intimate relationships with our clients, to the extent that we can be viewed as an extension of their own development capabilities rather than as a supplier. This requires very close communication, and some might say we communicate almost excessively with our customers. For small and medium sized biotech companies specifically, communication is

of utmost significance; they have investors on their backs on a daily basis and are grateful for any support we can give. And we do aim to provide services and expertise wherever our customers might have gaps which we can help fill.

CARBOGEN AMCIS describes itself as a Contract Research and Manufacturing Services (CRAMS) provider – but competes for business with many CDMOs. How do you differentiate your business?

I am confident that one of our strengths setting us apart from competitors is our customer focused mindset. When I speak about this mindset, I am not trying to sell the typical tagline of the generic company, here this mindset pierces thoroughly through our organization; even up to my level! I spent a significant amount of my time as CEO with customers. I listen to their concerns, give feedback, and communicate whatever is needed for our customers to have a transparent view of what is happening.

The unique selling proposition (USP) in our business model is very simple, customer intimacy. The numbers show that the hard work that goes into this USP is paying off; we enjoy a 75 percent customer return rate! Of course, this is only achievable by having the right human resources in place. Therefore, all of our customer project managers – the position in between customer and operations team — are PhD educated, commercially savvy, technical people creating the right link of customer to operations.

In 2002 we developed the ability to handle highly potent compounds as a way to develop another USP really. Today, the business associated with handling highly potent compounds generates 45 percent of our groups revenues; in 2002 that was zero percent! I personally believe it is a simple business philosophy, if it makes sense and it is the right thing to do, then we take the right resources and do it.

[related_story]

You mentioned earlier that the owner of the group went into the acquisition as he was seeking a front end in a Western country. How much hesitation do you encounter when telling clients that you belong to an Indian group?

It always depends on the customer you are talking to. When we engage with customers we make it a fact that we are part of the Dishman group –a substantial part that is— and that we have several of our customers working with us across the entire platform, which means several products are being transferred to Dishman’s API facility in India. As such, customers know about our facilities in

India ahead of time, when the time comes to make a proper introduction and proposal to utilize these facilities we do, and then from there they make their choice. By that time we have often built enough trust and a close enough relationship with clients that they are well aware that Dishman's facilities in India operate with the same Quality Assurance procedures we use here in Switzerland, so a decent number of clients do decide to take advantage of this value proposition.

Going forward, what will be your strategic priorities and objectives for the business?

Oncology is a growing segment for us, particularly around our anti-body drug conjugate capabilities. We plan to expand more into this area and we do a lot of work linking with the innovators in this arena. Of course, when we expand we do so cautiously; scrutinizing the market environment, building a highly considered capital utilization plan and keep expectations realistic; we know that it takes time to fully establish into a new area and build customer confidence. Baring that in mind, I can say that we are in full expansion mode. All of our four sites in Switzerland are currently expanding. What's more, our clinical trial supply facility in France has been highly successful in the past two years which allows us to invest to upgrade their containment and sterile handling capabilities.

Chromatography is a highly interesting segment for our future as well. We believe we can deploy this segment as specialization to find different methods to shorten the development pathway of niche indication drugs—which are rising in volumes year-on-year. The imperative is simply that the costs of increased production are outweighed by the speed of bringing it to the market. Therefore, we plan to expand our services to include highly potent organic compound (HiPO) and chromatography.

And what are some of the challenges you encounter?

Competition and the need to continue to innovate; standing still will result in someone overtaking you. Many other companies would answer with the operating costs of Switzerland, but frankly, I am not too worried about the costs of being in Switzerland at all! The prevailing work ethic, the flexibility and the output of the people here is extreme. Therefore, while there are high costs associated of being in Switzerland, companies do get great value for their expenses. This is the reason why we are able to do a large number of projects a year with less than 450 people in Switzerland – we have a remarkable group of people!

Would you like to share with us a few words to conclude please?

For us, it is all about doing what we say we will do! Delivering on the promise we made is key. The only way to build trust is to have an opportunity, then work relentlessly to make sure the customer

is satisfied and gets what he needs to grow his business; for us, that is the whole reason that we exist. For that, we deploy innovative technology and fantastic people to achieve and bring success to our customers! Wrapping up our business is simple: Get it done! That is what CARBOGEN AMCIS is all about!

See more interviews