

Interview: Jean Delaney - Pharma Leader, Partner, PwC Ireland



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Jean Delaney, pharma leader and partner at PwC Ireland, discusses the evolution she has seen in the pharma market, and more broadly in Ireland, during her extensive career at PwC. She also expands on the exciting opportunities that exist in the country to leverage the pharma and tech markets to help drive medical tech innovations in the future. She sheds light on how PwC will continue to maintain its position as the largest professional services firm in Ireland.

Considering the depth of experience that you have had during your time here at PwC, what have you seen as being some of the biggest evolution within the pharma and life sciences sector in Ireland?

When you look back, the pharmaceutical and life sciences sector has about a 50-60-year history in Ireland. Leo Laboratories led the way and the first of the big US multinationals arrived in 1959. The industry started off with manufacturing, which has remained at the core of Ireland's pharmaceutical sector. While it started off relatively uncomplicated, it moved fairly rapidly up the manufacturing curve with the first active pharmaceutical ingredient plants being built towards the late 60s and early 70s. Within 20 years or so, most of the major pharma companies were here or on the way here.

In my twenty years or more working with the industry, I have seen Irish pharma operations develop from having a pure manufacturing focus to a greater and deeper involvement in the supply chain. I

have seen clients take on new product launches with the confidence to deliver new sites, new techniques and processes on time and to interact with and drive regional and global supply chains. We have seen Ireland become services hubs for pharma companies, helping to run complicated commercial and financial infrastructures across the EMEA region and beyond for many pharma companies.

The story has had twists and turns. I have seen Irish operations rationalize to survive and reinvent themselves when there were reductions in capacity as patent cliffs were felt globally. I would give credit to IDA Ireland, Ireland's foreign direct investment agency, who do a fantastic job and who were quick to notice that the industry was changing, and started the push towards positioning Ireland into the biopharma space. The success of the pharmaceutical and life science industry here in Ireland is partly about technical expertise, but also about relationships. People who have been very successful, have constantly looked at developing the next generation of relationships, not only by keeping connected at their level, but also looking at who is coming up behind them.

Relationships are obviously key to maintaining the impressive growth of the industry, worth € 40 billion in 2015, an increase of 25 percent from the year before. In addition to relationships, what are some of the other key factors necessary in maintaining that growth?

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We can take it as a given that the manufacturing base is going to continue to be important. The interesting part for us is further on down the chain. For example, when you think about the interface between the patient and the physician, in terms of using technology to manage disease, this is an exciting area for Ireland. We have all the pharmaceutical companies here as well as tech companies, such as Google and Fitbit, and there must be something sensible that both of these industries can leverage from each other. If you get really revolutionary, you can also expand into another area as well, the health system. This is where you can look at our relatively small population as a benefit. As there are only 4.5 million people in the country, it is a great market to try out these new systems, and really think outside of the box.

Another area that will be very interesting to watch is the R&D side, which is an area where we have not been very active in the past. We have organizations such as ICON plc, which is an excellent Contract Research Organization (CRO), so there are examples of those kind of successes. However, when we look at the amount of research done at a clinical level, it is limited. There are pockets of excellent activity, but realistically, a population of 4.5 million people is not going to be able to

compete with Cambridge, Massachusetts, let alone the rest of the United States. In this regard, what we are focused on now is figuring out the areas that we can be active in, including combining the benefits of a small population and data management. The deal recently announced between AbbVie and Genomics Medicine Ireland, checking the genome types of 45,000 people and beginning to use that data to have it feed into the drug development process for AbbVie, is a perfect example.

As PwC represents 80 percent of the major pharmaceutical and life sciences companies in Ireland, and considering recent years of austerity, how have you seen your clients adapt to these cost pressures?

What we have seen is really no different from what any organization would do, even our own. People are more cautious about hiring extra staff, being very careful about what their value proposition is, and trying to maintain communication with their staff about what is going on and what pressures the organization is facing. There have been some costs pressures that have developed that have been more challenging to deal with. For example, the tax system, especially on the personal tax level, was clearly a challenge. I think too that the industry, made sensible comments that reflected the reality of these pressures for both the company and their staff. However, in some ways, many of these companies were pretty well prepared, as one benefit of the pharmaceutical industry is that you can see what is coming at you for quite a long time. I believe there was limited damage done purely from austerity measures. We did not see plant closures here in Ireland because of the financial crisis, but rather from patent cliffs and technological evolutions.

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How have you seen companies develop new ways of manufacturing to adapt to the dynamic and changing market?

You saw the likes of companies such as Eli Lilly, who worked to develop continuous manufacturing, and they really were at the forefront of this. I believe that you have a generation of plant MDs who have been very frank about what investment in the future is going to look like, with plants getting smaller, leaner and more efficient. The National Institute for Bioprocessing Research and Training (NIBRT) has been hugely helpful in this regard, and they have become a trusted voice in the industry. As trends develop in the industry, NIBRT will quietly get organized and build pilot plants to train people in the new techniques, and this is hugely effective.

The medtech industry, as a group of people, are at a higher pitch in terms of the degree of change they have to go through. Every two or three years, they will have to make changes on their product

line, so they are constantly on the go and evolving. For that reason, their mindset is even more focused on dealing with change. Now you are beginning to see movement of people from the medtech industry into pharma as well, which I think is a very interesting dynamic. The same is happening with the tech industry. For example, if you look at the history of the supply chain here, the tech industry had built up serious logistics and supply chain functions in Ireland long before anybody else. You have a community of people who were really good at getting consumer goods to market cost effectively and they are bringing that outlook and experience into the pharma sector. I always say, come Armageddon, I want to be behind a fireman and a supply chain person, because they will do whatever it takes!

One of the issues discussed in PwC's 2020 vision is flat-lining scientific innovation. How have you seen the industry adapt to this challenge?

In Ireland, we are a little bit down the stream from that. At its most obvious, what you see here are plants getting ready to launch a product, and then it does not arrive. We have been both clever and lucky that the industry here as a whole is very conscious of that, and is trying to be as flexible as possible. In general, I have seen companies become more careful about how they spend money in manufacturing and other areas, with more contingency planning and cost control being built into design and management of activities.

One of the main draws to Ireland is the clear regulatory environment that we see, however, there are still challenges. How do you assist your clients in that regard, as well as in terms of navigating the local and international tax environment?

If you think about regulation, as it applies to the industry, it is both local and international. The team in PwC Ireland has a lot of experience in managing regulatory matters as part of projects on manufacturing sites, regional expansions and supply chain reorganization. We've covered everything from startup and expansion, process improvement and validation and preparation for divestiture.

We also have the luxury of being able to call on our colleagues internationally to give a view on regulatory environments at country, regional and global level and their effects on strategy all the way to the operational level.

Our clients are multi-national in their business and multi-national in their tax affairs. We assist our clients in navigating the Irish system and its interface with other tax systems. Ireland's 12.5% corporate tax rate and R&D tax credits make a real difference to after tax returns for pharma companies. We work hard with our clients to secure those benefits on a sustainable basis taking

into account the views of both Ireland and other countries involved in the supply chain. We bring our experience on a wider range of clients and industries to that discussion and the insights of a well-connected global pharma tax group.

The industry is highly export driven and, increasingly, we are spending time with clients dealing with the trade tax environment which has fallen a little behind industry developments. We see this increasing with Brexit and any US tax and trade policy reforms.

What do you see as being some of the key qualities that differentiate PwC from the other big consultancies, specifically here in Ireland?

We are the largest professional services firm in the country, which allows us the luxury of both a lot of people working for us, but also depth. That means when you are talking to someone in PwC, not only do they know about you, but they will also have a real sense about what is going on across the industry in Ireland and internationally. For example, next week I will have a group of about 60 people across a wide range of disciplines gathering together, to go through what is going on in the industry, what business issues we are seeing with our pharma clients and how we can help. Each person is connected to our global pharma network to make sure that we are bringing the best PwC has to offer to the Irish market.

During your extensive period of time working here at PwC, what are one or two key accomplishments that you are proudest of?

I think our key accomplishment has been the loyalty of our clients. I am really proud of the feedback we get that says we look after them and we look out for them. I am proud of the clients that we have helped expand from and in Ireland – it has been really satisfying to be part of that.

Looking forward, what do you hope to accomplish over the next 3-5 years?

Here at PwC we do have a global vision for where we want to go in the pharma and life sciences industry, and that is very much focused on maintaining the core competencies we already do very well, but recognizing where the industry is going, in terms of the use of data and having a digital agenda. For us in Ireland, I like to think that we will be helping to drive this agenda, helping to foster relationships between the pharma and life science sector and the technology sector. And of course we will continue to focus on services we are already offering, for example keeping companies safe in terms of cyber security, ensuring their financial systems work, helping them to manage their after tax returns.

Lastly, on a more personal note, what motivates you to get out of bed in the morning?

We have a great group of clients, who are involved in many interesting things and I work with PwC people who really deliver for those clients. It's great to be part of that. The pharmaceutical and life sciences industry is a hard-nosed industry, but it can be awe inspiring. I have worked with Gilead for a long time, and watching them come through with the product Sovaldi®, and cure something that was not previously curable, you just stop and think at how impressive it is, and I am truly delighted to be involved in that industry.

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