

Interview: Dietmar Katinger - General Manager, Polymun, Austria



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Dr. Dietmar Katinger, CEO of Polymun, an Austrian R&D and contract manufacturing company, discusses the challenges CMO companies face within the Austrian market and increasing industry regulations. He also provides an overview of Austria's ability to accelerate its stature as an innovation hub.

Could you introduce the scope of the Polymun today and the relationship with your partners?

Polymun's core activity is the development and manufacturing of biopharmaceuticals, with our main focus being contract manufacturing organisation (CMO). Furthermore, we are the exclusive manufacturer of follicle stimulating hormone, which was developed to the biosimilar Bemfola® by our licensee Finox AG (now owned by Gedeon Richter AG) that is on the market in Europe, Australia, Israel and New Zealand.

Looking at the Austrian CMO landscape, there are no more than four or five companies conducting these operations within Austria's pharmaceutical industry. The demand is readily available in Europe to fill the production line. In fact, our production lines are so full it is difficult at times to find space for new projects. As long as you have a good quality, experience in the field of formulation and excellent reputation there will be sufficient business.

How easy is it sourcing the talent you need for Polymun's operations?

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The life science educational institutions are good in Austria. We are involved in University PhD programs and EU research frameworks to maximise our chances of getting in touch with the right personnel. This is even more important with regards to the fact Polymun operates in niche specialities. All in all, the recruitment process challenges do not stem from the lack of resources in the talent pool, but more ensuring the candidate is the correct fit with our company.

How conducive is Austria to promoting true innovation?

The Austrian regulatory framework is supportive of innovations in a general sense. The market's opportunities remain the largest limitations - in fact - Austrian scientists often decide to work in countries like Germany to acquire international experience in the field of innovation. More efforts could be done to take our universities to the next level and gain a world-wide reputation like Oxford, Cambridge or Zurich. Furthermore, Austrian executives generally need to work abroad to advance their career as very few pharmaceutical companies have their headquarters in Austria.

In regard to actual products, the risk averseness in German speaking countries can sometimes slow things down. Indeed, Austrians associate change rather with risks than with opportunities, and would rather not confront themselves to the challenges of change.

Lastly, the international reputation of Austria is not where it could be. Our reputation is positive, but weak. The Austrian pharmaceutical industry suffers from being in the shadows of its neighbours, Germany and Switzerland.

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How has the company developed since last time we met in 2012?

Thankfully, the margins of the pharmaceutical industry are relatively high compared to other industries and as a result our company has managed without external sources of financing and we remain a family business. This allows us to focus on long-term goals rather than on quarterly reporting to investors, especially important in the CMO business where projects require a long development.

How have regulations and client demands changed overtime?

The regulations are now harmonised across Europe; therefore, the competition between countries is rather fair. Austria has benefitted from being a part of the common market and adopting the same regulations. If we were outside of this it would be more difficult for trade - although - the

regulations are constantly evolving and at times this can be burdensome. For example, today's regulations require more analytical testing, and this increases our overall operational costs.

The partners you have accumulated over the years are world-renowned. What marks you out as a partner of choice for these large multinationals?

Once signed, CMO contracts last for a long period of time because of the costs associated with switching partners. We maintain our high standards at all time; therefore, they remain our clients, despite competition. An affinity antibody for Shire is our oldest project. It started when the company was still called Immuno AG, and later Baxter.

How do you position Polymun in the sense of differentiating yourself from the competition?

We distinguish ourselves with our liposome technology in a specific niche over many years. Often, pharmaceutical players know each other and it is common to ask for references with regard to which contract manufacturer to operate. This is why obtaining the first contracts is vital in gaining repeat business and an excellent reputation. Once you have successfully performed some projects, they will serve as important reference for new clients.

In the case of biopharmaceuticals, it is a bit different. The most important factors are related to time delivery and price competitiveness as the international competition is tougher to deal with.

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