Interview: Barbara Rangetiner – General Manager; Josef Weinberger – Corporate Quality and Compliance Officer, Octapharma Austria



"Vienna can be regarded as a center of excellence for plasma and hematology." Josef Weinberger

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Barbara Rangetiner and Josef Weinberger of the Austrian affiliate of Octapharma, the largest privately owned human protein products manufacturer in the world, discuss the strategic significance of Austria to the group, the nation's historical excellence in plasma and hematology, and recent upgrades to the affiliate's manufacturing and fractionation capabilities

Vienna holds a very special place in the history of Octapharma as it was the first international facility of the Group to open outside of Switzerland. How strategically important is the Austrian affiliate and its operations to the Group today?

Barbara Rangetiner (BR): Indeed, Vienna was the site of our first ever production facility. The premises were acquired by our founder and chairman, Wolfgang Marguerre, back in 1989 from the one-time state-entity Chemie Linz and deployed to manufacture virus-inactivated plasma for transfusion. Over the years we have continued to invest heavily in expanding this facility and ensuring that our capabilities keep pace with scientific advancements in plasma-derived products. The original complex has been upgraded, latest-generation production and laboratory technologies have been installed and entire new buildings have been constructed. The plant's annual fractionation capacity, for example, has increased seven-fold since 1989 and the size of the premises has more than tripled to 80,000m², some 22,000m² of which were purchased only last

year.

Josef Weinberger (JW): To give you a sense of the Austrian affiliate's strategic relevance and importance, we possess a staff of 1,068, which constitutes around one sixth of Octapharma's entire workforce. Moreover, some one third of our manufacturing personnel are based out of Vienna. We constitute one of six state-of-the-art production facilities – alongside assets in France, Sweden, Mexico and two in Germany – and very much take the lead in plasma. The other plants are dedicated to other areas. Our Stockholm plant for example deals with production of recombinant factor VIII, Dessau handles labeling and packaging and so on. Our Viennese site also enjoys the distinction of being the first of the Octapharma to receive Unites States FDA certification.

What makes Austria the optimum place to be performing this type of activity, as opposed to a more affordable, but still structurally sound market such as Poland or Hungary where taxation and labor costs are noticeably cheaper?

JW: It's important to remember that the economics of our production process are rather different from those of classic pharma where the raw materials are comparatively inexpensive and the value derives from what you do with those ingredients. When you are dealing with plasma, the raw material is actually the most costly part of the process so the gains to be generated through being situated in a cheaper labor market are somewhat limited. While the high tax rates could also be perceived as a bit of a drawback, we calculate that Austria's strong points vastly outweigh any minor disadvantages.

How would you define those strong points?

JW: Firstly, Vienna can be regarded as a center of excellence for plasma and hematology. Let's not forget that Austria was one of the first jurisdictions to approve plasmapheresis, the extracorporeal transfusion technique that separates the blood into plasma and its featured elements. This happened a full 52 years ago here, whereas Germany had to wait until as late as 1997! There is thus a strong tradition of expertise situated within Vienna. The heavyweight companies in this field, besides us, such as Shire (formerly Immuno, Baxalta) and CSL Behring have historically always maintained a strong presence here. This is the sort of niche area where Austria can be regarded as a hidden champion and finds itself right at the vanguard of scientific advancement. That, in turn, means that this is a great country for sourcing the talent and expertise that we need. We are talking about 16 high performance universities just on the doorstep and a deeply embedded tradition in science.

[Featured_in]

BR: The talent pool is really very well matched to the sorts of technical functions that our business requires. When you compare with our Stockholm affiliate, the difference is stark. They seem to be constantly scouring the local market for candidates to fill positions in their facility and ultimately have difficulty recruiting the requisite human capital. In Vienna, by contrast, there is an excellent supporting ecosystem and abundance of expertise. Not only do we have representatives of big pharma investing deeply in the local economy such as Boehringer Ingelheim, but also a flourishing biotech sector as well. The Austrian education system is another plus factor with its very strong mid-level colleges where students tend to be able to develop their technical abilities. The Austrian work ethic is also a big asset. Not only are they well educated, but the Austrian mentality is to be ambitious, to take the initiative and to have a very high work rate in which you take great pride in the activity you are carrying out. This is perfect for a family-run, versatile, entrepreneurial outfit like Octapharma where employees are empowered to be creative and take responsibility.

Tell us more about the recent upgrades to your facility.

JW: We have been focusing on augmenting our R&D for plasma products and the new building will be ready early next year. The subsequent investments will then focus on ramping up our manufacturing and extending our fractionation area. Right now, our capacity stands at 1.4 million liters and we want to raise that to 2.3 million with the next wave of investment and then ultimately to 3.6 million within the next 8 or so years. This will obviously require additional purification lines. Our main focus in production relates to immunotherapy, hematology and critical care products. Other recent projects include the implementation of a state-of-the-art isolator filling line for small volume parenterals as well as the implementation of an additional robot loaded freeze dryer.

BR: Vienna is our center for plasma R&D so we have been paying a lot of attention to boosting our competencies in this area, not only by commissioning a new, state-of-the-art R&D building, but also a new pilot production line for our products in development. The sourcing of plasma takes place elsewhere however – notably in the United States where we have 76 blood donation centers and Germany where there are 13. This is because America is one of only a few jurisdictions where legally you are allowed to pay people to give blood.

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Our ongoing investments in our Austrian assets very much reflect the strategic trajectory that Octapharma is pursuing globally. Over the last five years, the Group has experienced tremendous growth with a compound annual growth rate of 15 percent. Our development initiative, Program 2019, which was launched back in 2014 aims to double production capacity and significantly

increase the overall efficiency of our manufacturing operations. This has required heavy investment in people, equipment and property to prepare for the increase in production capacity and volumes, and also an optimization of our processes. The upgrades to our innovation capacities very much fit within this roadmap.

We understand that Austria also serves almost as a regional headquarters in the sense that many of your corporate and market access functions are centralized here. What is the rationale behind such a set-up?

BR: Absolutely. We find this to be the most efficient way of operating. As you know, our facilities here are FDA accredited and subjected to frequent audits. Much of the document compilation and record keeping thus takes place here and it therefore makes sense to have the same personnel compiling the dossiers that we have to submit for market access. We still have to maintain a presence on the ground in many jurisdictions though. Sometimes we are legally obliged to and, in other instances, it is also useful to have local liaison teams interacting regularly with the respective authorities. Nevertheless, for the initial, assembly of the dossiers, we can perform that task most effectively from a centralized position.

What is distinctive about Octapharma and that really sets you apart from other players in your field?

JW: We are one of the largest human protein products manufacturers in the world and have been committed to patient care and medical innovation for over three decades. We therefore possess a great heritage and track record. Our dedication to our core business of development and production of human proteins from human plasma and human cell-lines is second to none. The fact that we are a family-run entity steeped in a tradition of scientific innovation and advancement also sets us apart.

BR: This is the sort of company that offers you great job satisfaction. Our corporate ethos is very distinctive and somewhat unique. We are privately owned and family run where the overarching strategic ideas still come directly from a highly charismatic and enthusiastic founder. This company is still very much the baby of Wolfgang Marguerre and he is only ever one phone call away. The fast-decision making and flexibility of the reporting structures within the company have been a big factor in our success. Personnel are empowered to try things out, seize the initiative and to assume responsibility and this is what keeps us right at the forefront of advances in our field.

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