Interview: Dwight Gorham – President & CEO, Pillar5 Pharma, Canada



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18.04.2018

Tags: Canada, Pillar5 Pharma, CMO, CDMO, Manufacturing, Strategy, Ophthalmics, Eyecare

Dwight Gorham, president and CEO of Pillar5 Pharma, discusses the unique positioning of the CDMO in the multi-dose preservative free sterile ophthalmics space and stresses the importance of anticipating market trends in order to fuel expansion. Finally, he gives an insight into the importance of honing new skills and how the regulated industry of pharma should not regulate one's thinking.

Can you introduce Pillar5 Pharma to our international audience?

Pillar5 is a CDMO, dating back over 30 years when a group of entrepreneurs flew from Arnprior to New York to convince Pfizer executives that this was the perfect location to build an international manufacturing site. Pfizer planned to divest this location at the end of 2008 but Keata Pharma came in and agreed to manufacture Pfizer products for an additional three years. Pillar5 Pharma was founded in 2009 by a group of local investors, including our current CFO, who decided to purchase the award-winning facilities, which was going through significant financial issues at the time. Between 2009 and 2014, the company experienced a 100 percent growth in sales and a 50 percent improvement in productivity. My history with Pillar5 started in 2015. I came on board to guide the strategic repositioning of the company and drive business development efforts.

How is the Pillar5 Pharma positioned in the CDMO landscape today?

Pillar5 is a true Canadian success story with historically strong capabilities in manufacturing sterile ophthalmic products. In 2015 and 2016 we repositioned the company around this specialty and made significant investments in 2016 to truly cement our position within the industry. In fact, we invested CAD 12 million (USD 9.3 million) to double our sterile capacities to better service the Canadian and US market; and we went from a capacity of 30 million units to 60 million units.

Generally, it is crucial to stay ahead of market trends and even anticipate those. While I was servicing the US market, one of the real pain points for optometrists was benzalkonium chloride, the actual preservative in the available medication causing dry eye, thus simultaneously solving and causing, a real dichotomy!

In Europe however, there was already a proliferation of multi-dose preservative free devices, especially in Germany and France. In fact, in Europe it is actually difficult to get products approved in that include preservatives. The lack of penetration of multi-dose preservative free devices in the US therefore presented an immense business opportunity to transform the market place on this side of the Atlantic.

As a result, we are uniquely positioned as the first and currently only CDMO that has multi-dose preservative free (MDPF) capabilities. We believe that over the next 3 to 5 years this represents a unique opportunity. If we had not made the investment into the equipment for the multi-dose preservative free devices, we would just be like everybody else. And while this capability is one of the drivers of our business today, we are already trying to identify the next trend that we can leverage to grow our company tomorrow!

What is unique about your manufacturing capacity in Arnprior?

Beyond the unique position on the MDPF capabilities our facility is exceptional, particularly in terms of regulatory compliance. We have undergone dozens of FDA and Health Canada audits over the past years.

In addition, we have made strides around our development capabilities last year. We have the ability to complete the work in several jurisdictions with the majority of the work being sourced out India for formulation development. To give an idea, the formulations sourced from India are about two thirds of the price versus Europe. On top of that, the Indians deliver it in a faster fashion; therefore, we are able to deliver solutions for our clients at unparalleled speed.

Do you plan for further expansion?

Yes, we are planning the next expansion phase of our facility. There are innovation programs within the Canadian political landscape and we would like to work closely with our partners to obtain funding from various levels of government to move the next phase forward. Overall, the landscape in terms of financial aid has been very good; they have helped us to grow significantly. In return, we have incrementally innovated, increased the quality of our services and greatly contributed to the local economy.

Where do you generate most of your revenues today? And where do you see future opportunities?

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We have seen a shift of geographic breakdown over the last few years. Five years ago, approximately 60 to 70 percent of business was generated in Canada versus 30 to 40 percent in the US. Today, it is the exact opposite: we bring in 60 to 70 percent from the US and roughly 30 to 40 percent from Canada. Looking at the future, the vast majority of opportunities are US-centric. It is not inconceivable that by 2020 we might have a 70 to 80 percent US stream and only 20 percent coming from Canada.

The beauty of Canada is not only the geographic proximity to the US but due to the regulatory landscape it can also act as an attractive partner to European companies. We used to be more active in Europe, but at the moment it only makes up about two to three percent of our revenues. I would love to work with a series of European partners to build a portfolio of products going to the European Union. From Europe onwards, we can eventually consider venturing into the MENA region or Australasia. From Canada directly, the US, Central – and South America are more at our doorstep.

Having said that, our short-term focus is on driving utilization and selling our extra capacity for US-based (NA) clients. We are in very exciting times and I look forward to really ramping up our utilization and expand further our capabilities, which will drive our bottom line for years to come.

How can you leverage the ‘Made in Canada’ brand to attract more investment?

‘Made in Canada’ has certain leverage in other markets, especially from a sales and marketing perspective. I believe that if Canada wanted to attract more investment, companies should seriously consider finding areas of specialization. Specialization tends to drive barriers to entry and has connotations of being higher on the technology scale.

I believe that specialization and appropriate usage of technology will drive value in the long run, which is why we work so hard in an attempt to predict market trends. We respect to preservative free formulations we are observing what is happening in Europe to see where they are going next because it will ultimately also transform the US market, and we want to be at the forefront of this transformation.

How do you go about attracting, developing and retaining talent?

It is never easy to hire good people. However, we are engaging on various levels to identify potential candidates for our business. With colleges and universities in Montreal, Ottawa and Kingston, we have created a recruitment process to drive so-called ‘talent-engines’, where we are actively looking for the next generation of Pillar5 leaders We are not only looking for a good technical skillset but are also trying to identify those students that have a very inquisitive mind. Undoubtedly, we need people with intellect and motivation. However, our organizational model requires all employees to display an “I can and I will” mentality. Students that fit those criteria come to our company and undergo rotations, gaining insight into the various aspects of our business, such as finance, business development, and the laboratory itself. Last year we started this initiative with two students, this year we have double this number.

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However, an interesting challenge actually poses the more senior workforce. They usually tend to hail from big pharma, where they are bound to specific constraints. While you also have constraints working for a CMO, they are different ones. At Pillar5, we are looking at how people are contributing to the long-term value of the company. We place an emphasis on how they engage and manage talent and set visions with their teams.

To conclude, yes, it is hard to find talent—but it should be, because it is not just about finding the right person but creating organizational standards and making sure people understand those standards as well as the industry they play in. Just because it is a regulated industry, it does not mean that it has to regulate your thinking.

How does the Pillar5 brand translate across borders?

We have been able to export our brand well, in large part because we have the ability and consistently deliver on our value proposition. As an example, speed of execution, one of our five pillars, is something we have proven time and again to be able to exceed customer expectations, if you require a quick transfer for example we have numerous examples of bringing transfer times

that usually require 20 to 24 months down by 25 percent.

What is your strategy in tackling the next steps of the near future?

I plan to ‘complete what we have started on the expansion front,’ transforming the business into the leading multi dose preservative free CDMO business. This will require we get more major customers on board. We are always pitching; I will be meeting with a potential sole source customer tomorrow with a very straightforward presentation. In the short term the opportunities are numerous and require significant focus.

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