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Switzerland



General attitudes towards the pharmaceutical industry have shifted, with an increasing realization of the importance of local research and production and an obligation in some geographies to produce antibiotics or vaccines. This could lead to a huge investment wave

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Stefan Berg, general manager of Pharmaplan, one of the leading pharma engineering partners in Europe, outlines the key trends in this area, including an expected investment boom in the coming years as European countries like Switzerland aim to localise their manufacturing and supply chains. Berg explains how Pharmaplan acts as a 'strategic partner' to Big Pharma and CDMO clients in Switzerland, providing flexible, GMP-compliant, and future-proof solutions.

Since our last conversation in 2017, the Germany-headquartered TTP group bought the NNE companies and the Pharmaplan brand has been relaunched. Can you talk us through the changes at the company in the last four years and where it stands today?

The Danish pharmaceutical firm Novo Nordisk, our previous owner, no longer wanted to run a large international engineering company as none of their competitors had such an arm. Novo dismantled NNE and sold it piece by piece, putting the Central European business (Switzerland, Germany, France, and Belgium) as a package on the market. This package was bought by TTP, a group of companies, which is specialized in consulting and engineering services for the process industry. The two brands Pharmaplan and Triplan complement each other both in the industries and in the project portfolio and represent common values.

Pharmaplan today has over 300 employees in Switzerland and is the market leader in pharma engineering. Our values have remained the same and our aim remains to be seen as the most competent, focused, and passionate pharma-dedicated engineering firm. Our growth ambitions have also remained.

What has changed is our increased flexibility, given that we are no longer part of a multinational pharma company. In the past, we were restricted from working with Novo's competitors, but today we have the flexibility and are more open in terms of customer relationships.

What kind of partners do you have in Switzerland? Is it across the entire value chain or are you mostly working with Big Pharma?

Our clear strategy is to be a strategic partner for a select number of clients, not to work with everybody and not to jump from client to client every year. Today, we have close and strategic partnerships with 15 leading pharma companies in Switzerland.

Although we do work with some smaller companies, Pharmaplan's focus is on the bigger, more significant players with full project portfolios. With them, we engage in regular meetings to talk about the current portfolio as well as future needs, so that we can adapt to them and develop our competencies in the most appropriate direction.

Big Pharma is driving most of the investment in the pharma engineering space, but there is also a lot of capital coming in from CMOs and CDMOs. These firms produce on behalf of both Big Pharma as well as smaller biotechs. Often, biotech startups' work with CMOs then triggers investments from the CMO. Today, Pharmaplan is working with these companies in this field, all of which are making big investments.

In terms of Pharmaplan's growth ambitions, will the company expand into new niches and take on different types of clients or focus on its core business lines?

Our strategy is to be a strategic partner to our clients. There is a growing trend towards the outsourcing of competencies in the pharma industry today, with many companies not interested in production at all. Against this backdrop, strategic partners with whom the pharma companies engage in long-term contracts are taking on what 20 years ago would have been in-house competencies.

This is our growth strategy. We have 15 clients to whom we are getting closer, taking on more responsibility from, and allowing to focus on their core operations. For example, we offer project procurement as a service, meaning that our clients no longer need this competency in-house.

Overall, these trends are enlarging so quickly that we have no need to explore new niches and are even prioritizing project opportunities as the current engineering market is overfilled.

You have previously talked about Pharmaplan being a thought leader in the pharmaceutical engineering field. Could you unpack that and explain what that means in practice?

There are thought leaders in every industry, including in pharma engineering, where certain actors – like Pharmaplan – are on top of the latest know-how, technology, and trends. We understand the most advanced methods in biotech manufacturing and the cleverest and most efficient solutions, not only in theoretical terms but also in practical execution. We are one of the most competent players in our field and know how to execute projects quickly and incorporate changing client needs. For instance, in terms of architecture and lab design, our clients are increasingly looking for sustainable and flexible solutions.

How have you seen the needs and the requirements of your clients evolve and what are the hot topics today that perhaps weren't there five or ten years ago?

Sustainability is a hot topic that cannot be avoided, especially as most global pharmaceutical companies today have strategic targets around carbon neutrality and need LEED certifications for all their facilities. Our role is to fulfil these demands. We are also busy finding new technical solutions which also must be sustainable, for example around cooling agents.

However, these trends are a given in our business and are not Pharmaplan's primary focus. Our target is creating facilities that increase the speed at which products can be brought to market.

Manufacturing is higher on the agenda for pharma companies than perhaps ever before and is increasingly more closely integrated with the R&D process, especially in complex fields like haematology and cell and gene therapies. How has Pharmaplan adapted to this new landscape?

There are several key trends in the market today to which we must adapt our business and competencies. One such trend is in laboratory design where, moving forward, many manufacturing facilities will look more like laboratories, especially those that manufacture at a very small scale. For this reason, Pharmaplan has sought to build up a great deal of competency in the laboratory design field in recent years.

Pharmaplan also builds pure research facilities. For example, in 2020 we designed and constructed an enormous animal house facility in Basel which was given the ISPE's "Facility of the Year 2020-Equipment Innovation" award. Our core business is research facilities, lab facilities, very small-scale production facilities in areas like cell and gene, as well as the more traditional 20k biotech production facilities, which remain popular. And of course, OSD and fill & finish, as well as packaging.

What skillsets are needed to meet the industry's evolving demands? Does Pharmaplan's work today require a more multidisciplinary profile?

Our work requires a wide range of skillsets, which acts as a unique selling point for the firm. The niche in which we work needs architects specialized in laboratory and facility design, which Pharmaplan has in-house. We also have scientists on our team, who can talk the same language as the scientists on the customer side and better agree on the design of the facility or lab. Of course, we also have pharmacists and utility engineers on board.

Another important piece of the jigsaw is compliance. We are still seeing new facilities failing Swissmedic audits, meaning that being compliant is not a given. What clients want is for new facilities to be built very quickly, audited by a regulatory body with only a few minor findings, and be able to begin operations immediately. Our scientists, therefore, need to understand not only the biology but also the regulations. We accompany our clients on audits, sit with the client and Swissmedic to help them present and explain their project, and then later work through the punch list that is generated. We are proud that Swissmedic admission has been obtained for all relevant Pharmaplan projects.

What have been the challenges of managing through the COVID-19 pandemic, maintaining a full order book and continuing Pharmaplan's operations?

We have had several big projects in the past year, including CSL Behring's new CHF 300 million (USD 332 million) state-of-the-art manufacturing facility in Bern for immunoglobulins, which we had to deliver on time and to a tight schedule, regardless of the pandemic.

2020 was challenging, with some projects put on hold at the start of the year. Additionally, our way of working is very much people-focused; working side by side as a team within one office to deliver creative solutions. Therefore, the switch to working remotely made things difficult.

However, we were pleased to see that the pharmaceutical industry did not stop, continuing with ongoing projects and construction. For this reason, we had a good year in terms of numbers, even growing compared to 2019.

Looking ahead, we see several changes emerging from the pandemic. General attitudes towards the pharmaceutical industry have shifted, with an increasing realization of the importance of local research and production and an obligation in some geographies to produce antibiotics or vaccines. This could lead to a huge investment wave, which would of course be a fantastic opportunity for Pharmaplan.

This change is here to stay. Even pre-COVID-19, there were market shortages for essential medicines like Ibuprofen where one incident at a production site in India was enough to cause a global shortage. COVID-19 has provided a wake-up call on that front with companies now building local supply chains and backup capacity. This shift of manufacturing back to Europe will be good for all industry stakeholders in the region – including Pharmaplan – as well as for the people here more generally.

Why does Switzerland continue to make sense as a pharma investment destination?

One reason is that Switzerland is an attractive place to work. Other locations in Europe, such as my hometown in former East Germany, still have difficulties in attracting qualified people. However, globally excellent scientists and engineers want to live and work in Switzerland.

Additionally, pharma R&D and production is high-tech, there is no threat of intellectual property theft, quality is high, and given that manufacturing is becoming more highly automated, personnel costs are no longer the worry they once were. The focus is increasingly on finding qualified people to build, maintain, and operate the facilities that exist here. Switzerland will therefore remain a pharmaceutical hub.

What are some of the talent attraction and retention challenges facing Pharmaplan in Switzerland?

We must attract new people through our image and through being a good employer, but also by making it known that the best people are already working here. We want to be seen as very competent so that we can attract other competent people. Additionally, the working atmosphere has to be attuned to what young people need these days with a good work-life balance and possibilities for remote working.

Given that most of Pharmaplan's contracts are acquired via a tender process, how challenging is it to highlight the company's competitive advantages beyond a narrow focus on pricing?

The clear focus in most tenders today is not pricing, but time to market. Pharmaplan has a 20+ year working relationship with most of its clients and is seen as competent, reliable, and trustworthy. The most important factor for clients to consider is not whether the contractor is paid USD 20 or 30 million, but whether a new facility is ready to operate when it is supposed to be. In the long-term, failure on that front is much more costly to potential clients than the initial outlay. Taking one year longer than expected may mean that an innovator client loses one year of patent exclusivity, which could be extremely damaging. Time to market is everything.

What are your hopes for the future of Pharmaplan?

Pharmaplan is know-how based and, in a world where the shortage of qualified people is an increasing challenge, our 550-strong employee base of engineers, pharmacists, scientists, and architects is a key differentiator. Our know-how is focused on quickly and cost-efficiently building pharmaceutical manufacturing facilities and laboratories. The lack of qualified personnel elsewhere combined with the upcoming investment boom puts Pharmaplan in a very promising position, with clients queuing up for our services!

What would be your final message to PharmaBoardroom's international executive audience?

If a pharma company wants to place a big investment of hundreds of millions or even billions of dollars in a new facility, they need to look for an engineering partner in advance. We need time to prepare, assemble the right team, and set up the project. Coming to us last minute does not work; if a company wants a reliable partner able to execute such an investment on time, please involve them as early as possible and discuss how this investment can be realized together.

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