Interview: Ricardo Zayas â?? Senior Vice President, Global Pharmaceutical Manufacturing, BMS, Puerto Rico

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Bristol-Myers Squibb (BMS) has made major restructuring changes to its manufacturing processes. Ricardo Zayas, senior vice president of global pharmaceutical manufacturing for BMS, outlines these changes while underscoring the importance of development teams working in tandem with production to become more efficient in launching new innovation.

What do you see as a major consequence of big pharmaâ??s consolidation in the last decade or two?

Product volume and technology trends have become an increasingly important part of the future of pharmaceutical manufacturing networks and individual facilities. Consolidation has created a significant amount of excess capacity in small molecule manufacturing around the world, prompting companies to repurpose, close or sell their facilities. With consolidation changing the landscape, a good leader will always stay ahead of the curve, managing not only the next five days, but the next five years.

That is also reflected in the dwindling R&D pipelines of major multinationals; plant managers need to rationalize what they are producing, especially given the patent expiries of many major products in recent years.

Indeed, each manufacturing facility should have a short and a long term plan. Those companies focused on innovative science are moving towards lower volume, higher value products. The challenge is many plants were not designed for this model and will have to redefine their mission, strategy and operating model. Smaller plants that optimize space utilization are better equipped to handle the changing demands of the industry. This is especially true in Puerto Rico where energy costs are relatively high. Space requires conditioning, cleaning, and maintenance. At Bristol-Myers Squibb we are looking into continuous manufacturing suites that, among many other benefits, can

produce in a fraction of the space that conventional facilities need.

How does that affect the manufacturing area?

For manufacturing this is a different model. Industry wide, the global pharmaceutical manufacturing footprint generally has been built on the pillars of high volume products, historically. The future in many ways revolves around the concept that smaller and more focused is better. In addition, products would be developed using the same technology platform, ideally, but that perfect world, especially in todayâ??s competitive environment, is virtually impossible. Trends in the industry point to smaller footprints, agility and flexibility to quickly install equipment made for products that are produced using different technologies.

What specific changes need to happen to transition to this new model?

One example that comes to mind is that of a company which restructured a plant that was losing a significant amount of its volume. The location was strategically important for the company, but costs would increase significantly if the company did nothing. The plan took the plant from one million square feet to 300,000 square feet with a corresponding reduction in costs: a conversion cost per thousand tablets from the high double digits to almost single digit levels. The payback was extremely attractive and the engineers did a wonderful job of repurposing the plant. In many cases, it is not a simple adjustment that is required. If the situation warrants it, a major facility or network repurposing might be the answer.

How is this implicated in the BMS manufacturing structure?

Over the past decade, many companies have moved to greater use of external manufacturers, and BMS has not been an exception. In order to support that diversification, we have built a strong, central external manufacturing organization at BMS that works with many companies around the world. External collaboration in manufacturing has become an important part of our strategic focus and we continue to develop it as a core competency.

What do you find to be the biggest challenge in making that restructuring happen on a global level?

It is important that you have a process in place and the change is approached in an organized and structured manner. I think that as a Site Leader, it is necessary to gain acceptance from your management on the need to make the changes that are required; in other words, build a business case. This requires a lot of thought, planning and an ability to forecast what the landscape will be in the coming years. Once you build a case and secure buy-in from leadership, communication is key to ensuring clear understanding of what has to be done. In my view, this process, i.e. business case, alignment, planning, and communication, is an effective model.

Will that trend of development converging with production become more apparent as time goes by?

It makes a lot of sense to do so. First launch in market, followed up by a rapid deployment to target markets around the world can help get medications to the patients who need them. The primary focus during the development to launch process in terms of lead time have typically been the clinical and regulatory processes, but in todayâ??s world, any time the manufacturing and development teams can work together to reduce the development-to-launch cycle time provides a significant opportunity to accelerate timelines.

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