# Jean-Christophe Hyvert â?? President Biologics and Cell & Gene, Lonza

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*Swiss-based Lonza has consolidated as a titan in the CDMO industry with annual revenues of around CHF 5.9bn for 2020*

*. Its president for the Biologics and Cell & Gene divisions, Jean-Christophe Hyvert, comments on the restructuring of the company, why the divesture of the specialty ingredients division makes sense in todayâ??s market, and the big opportunities for the two divisions under his command. In addition, Hyvert analyzes the structural shifts in the CDMO market, Lonzaâ??s market-driven approach, and the future of Cell & Gene.*

**Jean-Christophe, you have a physics background and worked in operations before moving into a financial role with the company. Can you briefly introduce your career and current role at Lonza?**

I come from finance even though I am a physicist by training. I started in research and innovation, then moved to operations for an industrial company. Subsequently I was involved in mergers and acquisitions for high-tech companies as I worked for an investment bank, and also worked in consumer goods strategy, business development, and traditional finance. After that enriching

experience, I wanted to do something that had a strong impact on society and a higher purpose. That is how I first entered the pharma and biotechnology industry. I decided to move away from consumer goods and focus on healthcare, which I love and enjoy doing, by joining Baxter.

Four and a half years ago I joined Lonza, first in finance and then leading the commercial activities at group level. My experience in operations and finance have provided me a broad knowledge of both the science and business sides of Lonza.

**Lonza has recently undergone a restructuring. As a member of the executive team, what can you tell us about the results of that process?**

Over the last year, Lonza has defined pharma and biotech as its core area. Before the recent restructure, we had two divisions: Specialty Chemicals and Pharma Biotech & Nutrition. We at the executive team, together with the Board, discussed the future of the company and decided that we needed to align with the dynamics of the marketplace and therefore divested the Specialty Chemical division.

Our work over the last 12 months has been focused on implementing a market-driven approach while at the same time making sure we deliver value to our customers and markets. We have refocused the company around four key divisions, each with an end-to-end delivery responsibility. Our aim is to be accountable to our customers.

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Any company not organized in a market-facing way will find it difficult to succeed. I do not believe that a traditional supply and demand type of relationship is the best path for Lonza.

My current role is leading two of the four divisions, Biologics and Cell & Gene. The company has put its trust in me based on my previous experience and the commonalities between the two divisions.

**2020 seemed to be a bumper year for Lonza, not only financially but also taking on a leadership role during the pandemic through manufacturing Modernaâ??s novel mRNA vaccines. Can you comment on the results and the significance of this partnership?**

We are getting plenty of traction in the marketplace beyond the Moderna partnership alone. Historically, Lonza has been recognized for its expertise and ability to deliver. We are driving value to our customers by bundling together expertise, delivery, and market-oriented solutions and the company has emerged better, faster, and more flexible than before.

Moderna was important to our growth in 2020 but only represented one part of the equation. The financial results make it clear that our other business units and divisions contributed to the growth. This is a validation of the model we have chosen rather than a one-time event, it is proof that what we do makes sense.

**How challenging and transformational has it been for Lonza to embrace the large-scale manufacturing of an mRNA vaccine which uses a relatively new technology?**

There are multiple dimensions to this. The pandemic has validated our belief that flexibility and speed are key. A few years ago, we decided to invest in a business model called Ibex$^{Â®}$ whose offering spans the preclinical to commercial stages, from drug substance development and manufacture to drug product manufacture, all in one location. That investment allowed us to become a viable partner for Moderna.

It is indeed a new technology; two years ago, no one would have believed that mRNA could work so fast. Fortunately for us, there is a superior technological expertise in the Lonza organization. Part of that expertise is being able to work with customers to help them develop processes and work on the industrialization part. The Moderna partnership has been a validation of our technical know-how since manufacturing in record time is no easy task. We can quickly adapt to a particular platform such as mRNA but also to multiple modalities.

I have spoken about the market-oriented approach, but we are also pushing the innovation piece.

**As security of supply and population health are now central conversations for governments, companies, and citizens, what do you see as the key emerging trends for the industry that you would like to ensure your company is a part of?**

For many years, there was consolidation of supply points because the industry took a â??the bigger, the betterâ?• approach. Today, regional hubs and countries are taking a slightly different view on flexibility and response time is becoming very important.

For Lonza, that means two things. One is that we are lucky to have a global network that can supply from North America, Europe and Asia, a network that ensures the redundancy and reliability of supply to our customers.

The second is that stakeholders want to ensure that all supply points are secure. We are lucky to be present in major and stable locations; Switzerland and Singapore are two good examples.

**How do you balance the often higher operational costs attached to being present in those stable countries with ensuring the companyâ??s financial performance?**

It is a question of value. Offering redundancy of supply, security of supply and quality products has a value attached to it. We could take a cost strategy but it would miss the big picture, especially in the industry in which we operate, since we work with very sensitive and technically advanced products and services.

For those elements to be in harmony, we have to be efficient in everything we do.

Different pharma companies have different strategies, and our job is to understand their needs better. Lonza is being driven by strong collaboration with its partners, offering value in many aspects of the busines; it can be risk management of clinical trials, redundancy of supply, speed to market or the ability to scale up.

**Taking your recent joint venture with Sanofi as an example, what role will co-building infrastructure with Big Pharma have on the future sustainability of manufacturing and security of supply for healthcare?**

The Sanofi project is a joint venture, meaning that we are co-investing in an asset that allows both companies to operate together. The investment will translate into more security of supply as well as the possibility of bringing products in and leveraging each otherâ??s footprints to accomplish mutually beneficial outcomes. It is one of the first partnerships of its kind, at least for Lonza, but we have made multiple transactions in this fashion since.

Similarly, we have tailored very specific transactions with customers, sometimes for a reservation of an asset so that there is certainty of supply; customers want to do a reservation because they want to benefit from a potentially better cost base of a multi-purpose asset. Other times they ask for specific pieces of the supply chain.

With IbexÂ®, for example, we are taking a similar path, looking at common goals and designing something that makes sense for both parties.

**How can Lonza cater to the needs of the new world of virtual, remote, and smaller biotechs?**

Looking at the number of molecules and therapies being developed, the majority are coming from biotech companies. It is a critical segment for us. When I speak about the IbexÂ® deal, it does not have to be with large companies, we also have a comprehensive offering for smaller biotechs.

We have added commercial resources to cover that customer segment and are developing our offer for them; the company is improving its capabilities in small scale so it can follow customers through their lifecycle.

Lonza can bring a unique offering to that segment because of its technical expertise and understanding of process development, manufacturing, and regulations.

**Innovation has moved from the preserve of a select few hubs in the US to become a global game. How is Lonza working to cover and be present in newer innovation pockets?**

Indeed, the innovation hubs used to be Boston and San Francisco but now we see new hubs being created in China, the UK, Switzerland, and many other places. We have responded accordingly. Historically, our core clinical work was done in the UK, but we have added capabilities in Switzerland and China, including a new clinical manufacturing plant for the Chinese market.

We, of course, have also built-up capabilities in San Francisco and are very active in Boston. Besides investing in local networks, we have developed early-stage work in Cambridge, UK, and are strengthening our research capabilities further.

**The influx of capital into the cell and gene therapy field (USD 19 billion in 2020) is testament to its potential to transform patient treatments and outcomes. However, the question remainsâ?¦ how transformational can it really be and how can it be made scalable?**

Cell and gene has experienced impressive development because the industry has proven that the therapies work. There is a general acceptance that cell and gene will be a successful therapeutic class as more and more commercial products continue to be approved. The challenge is how to make the industrialization more stable, robust, patient-centric, and cost-effective.

Lonza has a specific role to play because we have gone through that process already across multiple modalities. Our expertise will help to create a more robust development process so that companies in this space have a clear path to industrialization and commercialization.

We are active across the different cell and gene modalities â?? autologous, allogenous, viral vector, exosomes, and others â?? because each one provides specific benefits and has specific needs.

**From a technological and market alignment perspective, how do you see autologous and allogenous developing?**

It may be too soon to say because, at least today, proximity to the patient is critical in cell and gene. Making sure that the flow of the product is controlled is extremely important which is why there is a need for some form of regional hubs. The manufacturer needs to have access to the patient.

To succeed in those conditions, Lonza has hubs across the globe; we can manufacture in the US, Europe, and elsewhere in Asia There is plenty of research being done in cell engineering and iPSC; it is a very dynamic field. We have a core strength in development, engineering, manufacturing, and regulations to benefit all customers, independent of which method they apply.

**How is Lonza aiming to address the increasing concerns from governments around global supply chains and the manufacturing of pharmaceuticals to avoid shortages during emergency situations?**

My understanding is that there are more and more discussions being had between executive teams and boards of companies around supply chain and manufacturing. The COVID-19 pandemic demonstrated how important it is to have reliable supply and the ability to react fast. What has happened during the last year has accelerated changes in those two areas.

We are adding technological advancements to manufacturing, making it more digital and flexible.

I believe that innovation in the supply chain can solve many of pharma and biopharmaâ??s challenges. The faster we can bring drugs to the market and scale-up, the more risk management we can do.

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