Contract Manufacturing in the Pharmaceutical Industry: Recipharm

In this exclusive interview, Fintan Walton (FW), CEO of PharmaVentures, speaks with Marc Funk (MF), the new CEO of Recipharm.

FW: Hello, and welcome to PharmaVentures Insights. In this episode, we look at the contract manufacturing business in the pharmaceutical industry, and in particular, we're looking Recipharm, as a company founded in 1995 that's based in Stockholm Sweden and over the last few years, it's grown rapidly to become one of the largest CDMOs in the business.

I'm very lucky today to have on my show Mark Funk, who's just joined as CEO. Welcome.

MF: Hello. How are you doing?

FW: I'm doing fine. Mark, you've just joined at a very important time. It's quite a diversified CDMO, if I can say that? It's got several elements to its operations. How do you, as new CEO, take this company forward?

MF: So Recipharm started in 1995 with buying one site in Sweden by 2 founders, and in a model that is called build and buy, they have expanded to today with 30 plus sites, and they have done most of their growth inorganically and that is an interesting model. With most of their growth in the European continent. So, it's an original model, I don't think that there are many similar to that, but obviously it is a successful one, and now they are in a situation where a company, EQT, a very prominent private equity group, probably the leader in healthcare in Europe, has taken it over and the idea is to bring it to another stage with of course taking all the good things that the people have done so far. Doing operational excellence in the future is one of the tasks and making sure that there is a focus into more unmet needs that today are possibly not covered by other CDMOs.

FW: But as you mentioned, it's the changes that are happening in the pharmaceutical industry, the new technologies that are emerging, which become the new opportunities. So how do you see your priorities rolling out here in the future around the types of technologies that have become new challenges for companies like yours?

MF: So Recipharm is a company that has been largely excelling in the small molecule with some work in sterile finish. They have some science where they are doing, if we can say, biological product, but not at a very large scale and clearly the future for a global CDMO is to be good in both small molecules and biologics. I give myself a couple of weeks to understand what are the opportunities that can come in biologics and in small molecules, but in my view, if one wants to be a global CDMO, it has to be good in what is already existing now but in some emerging modalies that are raising today in the CDMO space.

FW: And does that mean moving into areas like gene therapy and nucleic acid-based therapies?

MF: I would certainly not exclude it.

FW: Indeed…indeed. I suppose that the other component to all of this is how industry has changed. We're seeing a little bit of this at the moment in terms of nationalism, where countries are trying to make sure that manufacturing takes place in their own territories. You've mentioned that Recipharm is strong it Europe. It's also got operations in Israel and also in North America. How important is it for you to expand beyond those territories?

MF: A European-based company should not limit itself to be in Europe if one wants to be global by definition. Recipharm is very successful in India, and that is certainly something that we continue. Not enough presence in the United States where most of the development projects are taking place in the Western world and it's certainly my goal to have a better and a bigger presence there.

FW: Right.

MF: And to your point, we see some geopolitical trend towards manufacturing more in certain territories and to be less interconnected globally. Interesting discussion, mainly linked with the COVID-19. Will this continue as a focus in the future? I have some reservation on one side because if it globalised, it had its reasons. People don't want to have the most expensive drugs in the pharmacy or in the hospitals. Of course, it has to be safe, there's no doubt, but it had its reason to be where it is today. I don't think that little old COVID-19, which is a subject in itself, but for all the other medicines, I don't think that the overall healthcare systems in every country can sustain suddenly an increase in the drugs…tropical medicines..I don't think that this is going to be the next pattern post-COVID, so making sure that the drugs are affordable, possibly even cheaper, is something that is unavoidable.

FW: Right. And of course, it's the challenge that CDMOs bring or the solution hopefully that CDMOs can bring to the pharmaceutical industry.

MF: Yes.

FW: You mentioned yourself that EQT, the private equity firm, has taken ownership. What would you like to say to your current customers and also what changes will happen in the future in terms of its growth and presence in the industry?

MF: The first thing that our customers in Recipharm need to know is that I have always put customers as priority number one. That was what I did in Lonza as COO and then CEO, and it will certainly continue with this priority in Recipharm but I come to a company that has already got that in their culture, so I'm not worried to that extent. The new shareholder, EQT, certainly has this as its priority too. What I can say to customers is that we will come with more offering. We will come with a sustained quality in our deliverables and making sure that we even, as I did in Lonza, innovate with new business models to serve you better.

FW: OK. Excellent. So my final question, Marc, I mean obviously you come into the job.. what do you see is the biggest challenge for you going into the future? What is your priority right now, on your desk?

MF: Like anybody who is responsible in this industry, it's to make sure that we do everything to help to solve the pandemic crisis. So everything we can do to help pharma companies, suppliers, research centres, to manufacture as fast as possible we will do, and that is priority number one. Certainly we will not deviate from that and I think that's the most important message I can say.

FW: OK. Well, listen, Marc, we'd like to thank you so much for coming on the show and explaining to us your new role and the future for Recipharm. So thank you very much indeed for coming on the show.

MF: Thank you.

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