

Getting **small** and getting **better**

JAMES R. BRUNO

Chemical and Pharmaceutical Solutions
 10 Hoffman Drive
 Hamilton Square, NJ 08690, USA
 jamesbruno@capsoln.com
 Tel +1 609-433-2039

A report from Pharma ChemOutsourcing Conference & Exhibition 2008

For ten years, the CHEM OUTSOURCING GROUP has organized a conference and exhibition. Two years ago, they adjusted the format to accommodate their client mix and to develop a product that fits with the attendees and exhibitors. This year over 650 people attended the two events and nearly one hundred companies exhibited. As the meeting ended, MARK ALEXAY, the President and CEO of CHEMOUTSOURCING was already looking to improve for the 2009 to accommodate the customer base and bring more value to the exhibitors and attendees. They are planning to go back to the Ocean Place Resort, Long Branch, NJ, and the tentative dates are September 14-16.

Unlike several of the other trade shows, this event has intentionally tried to keep small and develop a more intimate networking event. The number and size of the booths is limited and the plan is to not allow the number to increase past 100 exhibitors. In 2008, 85 companies were represented. This allows for greater networking opportunities for all that attend.

The venue for this event consists of a number of breakout sessions covering a wide range of topics that are interesting to the pharmaceutical marketplace. STEFAN LOREN, Vice President, PERCEPTIVE LIFE SCIENCES and an analyst for the biotech and pharmaceutical market began with a frank discussion regarding the risk of outsourcing offshore. CHRIS CERIMELE followed later in the day with a discussion of mergers and acquisitions in the fine chemical industry.

Monday morning a panel representing many of the larger pharmaceutical companies discussed how they viewed the how well the suppliers were responding to constant change. This was followed by a group focusing on the issues around sourcing products from Asia.

For the rest of the event, there was a series of concurrent sessions covering a wide range of topics. These meetings were organized around a panel representing various market segments in the pharmaceutical industry. Monday afternoon consisted of three sessions each containing four individual sessions. Each session consisted of panels whose members represented large pharma, small pharma as well as suppliers and CRO's. In each session there was at least one person representing the emerging pharmaceutical market place which gave the audience a different perspective which is not always seen. In fact, this is one of the few meetings that attract a large number of the emerging pharmaceutical companies.

Nearly 80 of the participants came from emerging biotech companies most of which are located in the general area. In fact, if you look at the total mix, this was a small pharma meeting. To complement the small pharma group, nearly 150 of the attendees and exhibitors present represented products and services that are directed toward the emerging companies. This includes small scale chemistry, analytical and sourcing services as well. Even the larger companies present at the event were pushing their R&D and small scale capacities.

While the small emerging pharmaceutical companies may have represented the general region, the overall draw was global. The exhibitors and attendees represented producers from around the world. From India, NEULAND, HIKAL and ARCH CHEMICAL were present in some form. NEULAND, CIVENTI and HIKAL exhibited and promoted many of their services that can support the emerging pharmaceutical companies. Several of the companies present also had ties to Chinese production. HAORUI and ASTA TECH both have

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 Via Cesare da Sesto, 10
 20123 Milano - Italy
 Tel. 0039 02 83241119
 Fax 0039 02 8376457
 www.b5srl.com

manufacturing in China for the production of API's.

While you may expect the larger service providers to be present, there was clear presence from the smaller service suppliers. In addition, both the US and Europe were well represented in this event. From the US and Canada, there was an increasing number of small scale producers and suppliers of support services such as analytical services. Suppliers of custom research and small scale production such as KALEXSYN, ALPHORA, IRIX, J-STAR RICERCA and ONYX all had exhibits at this meeting. SYNTAGON, EXCELSYN, ZACHEM and PCAS were all part of the exhibition as well.

Several of the companies present were also relatively new to the industry and this gave them a forum to introduce their companies and to promote their business as well. For some of the older more established companies, this was an opportunity to meet new customers and to report about recent developments in their own organizations. KALEXSYN was founded in 2003 and has attended this event in the past. REGIS CHEMICAL is a family business that is undergoing considerable expansion of its API production facilities. HELSINN has chemical experts but has developed an additional regulatory expertise and in addition to submissions and filings, they can also audit your submissions to help find gaps prior to the regulatory agencies seeing the documents. Both NOVASEP and CHIRAL TECHNOLOGIES have expanded their chromatography offerings and improved the equipment and the stationary phases.

At the end, the real question has to be how this meeting attracts a market segment that historically does not attend many of the trade shows. I had the chance to talk to many of the exhibitors, attendees and sponsors to get some feedback to why this works so well. For GUY TIENE of DSM it was clear to him it was about "Networking". The ability to reach an audience that is often difficult to find. This theme was reiterated by SANDRA MORO of HELSINN and JIM WHITEAKER of CARBOGEN AMCIS felt the same.

KURT STALDER, Director of Sales and Business Development at INTERCHEM noted that the smaller and more familiar events like this one were well liked as indicated by the growing list of attendees. As a sponsor for the event, KURT felt that it was beneficial for them to be present and to sponsor. For them and the people they represent, he felt this was a good opportunity for networking. He also appreciated that the event was focused only on outsourcing and it was important to be recognized as a premier company in this area.

DAN PARADIS, Sales Manager for NOVASEP was equally pleased with the event. He felt that this was a good opportunity to meet with current customer and to identify new

companies in the future. For them, he felt with their various chromatography techniques including Varicol, batch HPLC and SFC, they could demonstrate their ability to help smaller companies in the early phases of products and to increase the speed to market. DAN feels that NOVASEP will be present next year as well.

PAUL ALHADEFF of SYNTAGON located in Sweden felt that the smaller venue allowed for better contacts with the potential clients. MARK CHADWICK of EXCELSYN located in the UK also felt that they would be more successful in the smaller more targeted meeting forums. TOM SPEACE and KELLY BRANDLIN of NEULAND saw this as an opportunity to reach potential customers that are often more difficult to find but fit well with their long term strategy.

Others saw this as an opportunity to reach out to new and old customers and to launch new products, technologies and ideas. SANDRA MORO of HELSINN talked about continuing the advance of their small scale production in Ireland and Switzerland but also added that HELSINN BIREX was doing more in the dosage preparation and they also were doing the CMC Gap Analysis. This could help many of the smaller companies to assure their submissions in Europe and the US were correct and that they met current regulatory demands.

CHIRAL TECHNOLOGIES and NOVASEP both had exhibits and share complementary technologies. JOE BARENDT of CHIRAL TECHNOLOGIES had the chance to interface directly with decision makers of the small pharma group and talk about advances in stationary phases for separations and purifications. DAN PARADIS of NOVASEP felt that overall this was a good conference very pleased with the number of attendees. NOVASEP's objective to exhibit at the conference was to meet with several of NOVASEP customers and identify new prospects. For DAN, "NOVASEP's core technology around production scale chromatography processes was introduced to several people and well received. NOVASEP's various chromatography techniques including Varicol, batch HPLC and SFC can offer significant advantages for early stage development for clinical trials for speed to market and be considered for commercial scale. We look forward to attending next year's conference."

REGIS CHEMICAL had several people at the show and participated in the panel discussions as well. SEAN BRADLEY commented that "We participated on the panels to share our common experiences as a provider of chemistry services to the emerging pharmaceutical companies. We attend this event as it is a good forum to meet existing and potential clients and to showcase our new business activities in kilo-scale SFC separations, our new initiative in API supply and our latest facility

expansion. The expansions have given us additional small-scale manufacturing capacity and have doubled our analytical laboratory footprint, allowing us to add additional method validation and stability capabilities." KEVIN DUFFIELD saw this as an opportunity to meet with a client base that is important to their business mode and to have the chance to interface with the technical leaders.

ROB REGA and CHUCK KREUTZBERGER of ZACHEM also exhibited at the event. ZACHEM which recently acquired SIPSY found the exhibition a good venue for them. CHUCK KREUTZBERGER felt this was a good chance to engage the small companies and to discuss the additional technologies found at the new company. With the addition of a US manufacturing site in Texas, CHUCK felt that events like this allow the organization to gain a greater position in the market place and to work with the emerging companies.

For many of the companies exhibiting and attending it was about technology and to see what was available in the market place. For the smaller emerging companies it was a good opportunity to meet with suppliers and to gain greater understanding in what is available today. There was an emphasis on some of the smaller capacities. HIKAL has recently opened a larger technical center in India for development and NEULAND has expanded its offering in this area. CIVENTI has US production for smaller volume and is supported by larger volume in India.

From the supply side, while the general feeling seemed guarded optimism, it was clear from some comments that the providers needed to be looking at the future. KURT STADLER commented that "only the ones with special skills, balanced product / services portfolio and long breath will survive." CHUCK KREUTZBERGER stated that "ZACHEM will continue to be technology and service based."

While no one can predict the future, most suppliers commented about the declining number of products in the pipelines and the increased competition. This includes production and research in India and China. As large pharma shifts away from manufacturing and move toward drug discovery and marketing, this increases the number of opportunities for some of the western companies.

Regarding the overall outsourcing meeting the general feeling seemed to be that they would be coming back in 2009. In addition, these smaller venues would allow for better contact with potential customers. In addition, the smaller emerging companies had the chance to interface with their big pharma counter parts and to gain valuable contacts as well as experience and an understanding in how pharma is operating today.