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# COVID Brings CDMO Value, Strategic Partnerships Into Focus



The COVID-19 pandemic has brought into sharp focus the importance of an agile, reliable and efficient supply chain for pharmaceutical active ingredients and finished products. COVID-related supply-chain disruption has ranged from reduced patient access to clinical trials, to national lockdowns and border closures, raw-material shortages, or diversion of pharmaceutical funding and resources in health care systems.

*In Vivo* asked Stephan Haitz, president, CDMO sales and marketing for Cambrex, how the US-based provider of drug substance, drug product and analytical services for small-molecule therapeutics has leveraged its capabilities, particularly in breadth of service and speed to market, to ensure much-needed medicines reach patients in this volatile environment.

***In Vivo:* In what ways have you seen COVID-19 disrupt the supply chain for small-molecule drug substances and products?**

**Haitz:** We do select our suppliers very carefully. What was really unprecedented for us was the closure of borders to people. And because people couldn't move across borders, there has also been a knock-on effect on goods. It actually left many of our suppliers helpless.

It put us in an extraordinary situation. It helped a lot that we had safety stocks and could reach out to various suppliers. But it was hard work for our supply chain, and also for our suppliers, to get us back on track. I think we are there now; we really feel comfortable with the current situation. However, it has been quite a shocking experience for the whole world that borders were closed.

**How long do you expect this disruption to last?**

**Haitz:** We have all found ways now to mitigate that. I do not expect us to have more issues with border closures in the supply chain. What we are now monitoring very carefully is a secondary effect: because of widespread COVID-19 infection, particularly in the US, there are workforce shortages, because staff are all quarantined.

We mitigate that through very clear, close and weekly communications with our suppliers, to make sure we know what their situation is and how operational they are. The border problems are now behind us and, until we have vaccinations, it is about monitoring the workforce situation at our suppliers.

**Cambrex offers a broad range of services for small-molecule therapeutics, from R&D to commercial production, taking in active ingredients and finished products as well as associated analytical solutions. How has this breadth of offering helped Cambrex to mitigate the particular supply-chain challenges presented by COVID-19?**

**Haitz:** There are three main factors here. We have multiple sites. We have a lot of resources and resource power available. And we also have a good number of experts helping us.

With the multiple sites, we have been able to move product within our network. To give an example, we have a site in Sweden. If we saw we were going to have a delay or something in Sweden, we would fill that slot in Sweden with another product that we produce in Charles City [US]. So, we really can make good use of our manufacturing network.

We do a lot of work around qualification of new suppliers. That is normal: when you take on new suppliers, you need to qualify them. You need a lot of analytical resources, which we have. But also, we have our own people in all the major markets: Japan, India, China. Despite the borders being closed, we have still been able to audit and qualify new suppliers, because we have local teams and local capacity. From that perspective, our broad reach has helped us to mitigate any supply-chain impact of COVID-19.

**How does Cambrex's depth of experience in custom development and manufacturing of small-molecule therapeutics give it the flexibility to respond promptly to shifts in market demand under pandemic conditions?**

**Haitz:** There was a race, and there is still a race, in the pharmaceutical industry to help societies dealing with COVID. The focus, as we know, is clearly on vaccination. But we should not forget the need to treat those who are already ill. So, there is a lot

of demand for treatment, and our customers have really been struggling when it comes to speed and quality.

We need to employ new technologies, such as continuous flow [manufacturing], which has the benefit of not having to upscale. You don't need to go from 10 kilograms to as much as two tonnes: you just multiply it. We have to apply new technologies. We have to be very flexible, with a lot of skilled people.

What we have at Cambrex is a lot of strong scientific expertise, which enables us to partner with our customers. And what I've seen so far from our customers is that we've all learned to work together. There is a lot of trust. And I think the whole pharmaceutical industry is up to the challenge.

If you look at things now, the UK recently approved the first vaccine for COVID-19 [Pfizer/BioNTech's BNT162b2]. We are really meeting the challenge in the pharmaceutical industry.

**You have already talked a little about multiple sites. Is there anything more you want to say about how Cambrex has leveraged its size and global presence in addressing these COVID-related challenges?**

**Haitz:** Yes, it is about having multiple sites and a global presence. But it is also very important that we have our own audit teams for suppliers in the local countries. We are not using third-party vendors to audit; we have our own people. That means, for example, if there is a supplier in China, we give our Chinese team a call, and they can travel within a day and be on the site. That is where global and local resources come together. We are a global company at Cambrex, but we also have a strong focus on the local markets.

To what extent has COVID-19 simply aggravated existing pressures on supply chains, and how is Cambrex dealing with these?

**Haitz:** One broader trend I would like to highlight is that the industry was very much driven previously in the way the automotive industry was: we were a supplier, we had to be cheap, and we had to deliver just in time. I think that has changed now, along with the perceptions of our customers.

Our customers have realized now how much value reliable suppliers can create. I think also the element of trust in timing, and always choosing the cheapest products, most of our customers are reconsidering that approach. That's one change we are seeing.

The other is really that we're in partnership. I hear that much more when I speak to customers: that they want us to deliver expertise, and not only materials. With our scientific expertise here at Cambrex, we are very well positioned to harvest that trend, so we can support our customers even more.



**So, you're talking about positioning yourself more as a strategic partner to your customers?**

**Haitz:** Yes. In my view, that is where the trend is heading. You have to create value for your customers, and I think our customers now are more perceptive about value. A supplier creates value in multiple ways: not just the usual materials, but also the support we have available in development and ensuring high quality. As a broad company with an end-to-end offering, I think we are very well positioned to be that strategic partner for the pharmaceutical industry.

**Are there any other significant market trends in small-molecule therapeutics you want to talk about, where Cambrex's particular capabilities give it advantages as an outsourced provider?**

**Haitz:** What we provide, and what the COVID situation has highlighted, is that you need to have capacity. And you need to have spare capacity to react quickly. We have just invested 50 million dollars in expanding our capacity in Charles City. We are investing in capability expansion, like biopharmaceutical analytics at our Durham [US] facility. So, we do our bit to have the best expertise and capacity available.

We are also following trends, such as continuous flow, in the development of high-quality products. And then at Cambrex we can also help by covering the whole of development, from APIs to final products, along with release testing. So, for those partners who want it, we basically offer an end-to-end solution.

One other thing I would like to mention is that I think the public perception of our industry has changed. That's something that is really pleasant to see. Because we produce so many vital drugs. Yet we've also been criticized a lot in the last 10 or 20 years.

I think all the hard work by the hundreds of thousands of people in the industry is now being recognized by the general public. It's really good to see that we're getting more appreciation, which I believe we deserve, as value creators through pharmaceuticals. Faced with the COVID-19 pandemic, industry has risen to the challenge and delivered.