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Biopharma

Rentschler Biopharma's CEO Talks Innovation For The 2020s

Dr. Frank Mathias, CEO of Rentschler Biopharma SE, a contract development and manufacturing organization, explains the company's innovation strategy and updates on its US expansion. He talks broadly about the CDMO landscape in Europe and how Rentschler Biopharma is differentiating itself from the competition.

Founded in 1927, Rentschler Biopharma is an independent, family-owned company headquartered in Laupheim, Germany. Frank Mathias joined the company as CEO in 2016. Since taking the helm of Rentschler Biopharma, Mathias has been focused on preparing the company for the next decade of contract development and manufacturing. In October 2019, Mathias, along with the chairman of the board, Prof. Dr. Nikolaus F. Rentschler, were jointly named Entrepreneur of the Year by Ernst & Young.

One trend Mathias highlighted as an important change and opportunity for the CDMO sector is the move by pharmaceutical companies toward outsourcing R&D arrangements. "More and more we find that companies are deciding not to take on production themselves, but they give it out, and we can profit from this action. It happens that we have more demand for our services than we have capacities available," Mathias said.

In part to answer this growing demand, Rentschler is expanding its business in 2020 by establishing a Center of Excellence in North America. In November 2019, the company announced that it was putting into operation a single-use bioreactor for its new 93,000 square foot facility in Milford, MA, in the Greater Boston area. The system is expected to be client-ready in mid-2020.

Aiming for a larger geographic reach still, Rentschler Biopharma has enhanced its existing collaboration in Japan with Summit Pharmaceuticals International Corporation. SPI and Rentschler Biopharma are working together with Japanese clients to outline projects from early clinical stage up to commercial launch. Japan is an important area of growth for Rentschler Biopharma. Mathias said, "Japanese pharmaceutical companies are playing an important and expanding role in the global health care market, and we are delighted to be continuing this productive collaboration as we grow our client base in Japan."

Despite this positive trend, Mathias noted that Rentschler Biopharma also faces greater competition now than in previous times. "The competitive environment around CMOs and CDMOs will certainly become tougher in the upcoming years. A lot of capacities have been built up around the world, within other manufacturing firms and within pharma companies. There's really a lot ongoing," he stated.

Alongside this, the needs of Rentschler Biopharma's clients are shifting. "The whole market is changing and there are various new therapies coming in. We have cell therapies, we have gene therapies and we have even more complex molecules." Although

challenging, Mathias noted that "at the same time this is an opportunity for us because we have a strong track record with such complex molecules, which is not the case for a lot of our competitors." With its innovative and flexible business model, Rentschler Biopharma's new Milford site is already taking on projects, including complex and difficult-to-manufacture proteins, such as multispecific antibodies.

DOING YOUR RESEARCH

When Mathias joined Rentschler Biopharma three years ago, he was asked by the supervisory board to develop a comprehensive strategic outline for the company for the coming decade. While this type of activity can be completed in a few weeks and be centered around financial goals, Mathias said the company decided to go another way. "If we want to know what our company might look like in 2025, we need to first understand how the world might be by 2025. This is not so easy to predict," he explained.

Firstly, the company analyzed 12 so-called mega trends effecting society, including the health care sector, such as the "silver society," Mathias said. "People are becoming older but want to stay healthier. This is a very positive trend for us." Another trend is interconnectivity, how IT and artificial intelligence technologies are changing the world. "We looked at all these mega trends, for each of them we asked ourselves, 'What does this mean for society in general and what does it mean for our company?'" He added that Rentschler Biopharma's leadership team took these trends and assessed how the company needed to adapt.

To further build the knowledge base for its new 10-year business plan, Mathias and his management team sought insights from other experts. For example, Mathias visited venture capitalists. "We asked private equity firms where they are investing their money today. VCs are very interesting trend setters. They put their money in different companies today because they expect a return on that investment in seven or so years."

Mathias noted that the company also visited head hunters to ask them about the upcoming generation of talent in the life sciences sector. "We asked them, 'What do we need to change about our leadership?'" He added that human capital played an important role in Rentschler Biopharma's business plan out to 2025. "In the past people were extremely happy to come to a company that had a good name. Today you need to approach young people totally differently. It is

about what we can offer them as a challenge in their work. How we can develop them. They want to grow with the company,” he said.

In 2019, Rentschler Biopharma was featured for a second year in a row on the annual list of Germany’s best employers, published by the F.A.Z. Institute. The analysis evaluates the largest German companies from over 150 different sectors for their reputation as employers. Of the 10,000 companies included, 503 were recognized as top employers. Rentschler Biopharma once again ranked number two in the biotechnology sector.

On its fact-finding tour, Rentschler Biopharma also visited hospitals to speak with medical professionals and physicians, asking them questions like: “How are you treating cancer today and how will you treat cancer in 10 years’ time?” Finally, Rentschler Biopharma reached out to CEOs of start-ups to ask them about new business models. “We took all this information together and we approached our clients around the world, to ask them what they expected from us. We want to be a company that is really client-oriented,” he said, adding that those discussions were “extremely fruitful.”

THREE KEY FINDINGS

Mathias said Rentschler Biopharma had learned three key messages from its meetings with peers and clients.

Firstly, quality will remain the main driver for success in 10 years as it is now in 2019. “When I say quality, I don’t only mean the API or the finished product, I also mean the quality of everything we do. The quality of the reporting we do; the quality of the consultant work we do; the quality of the dossier we give to clients for registration. All this will be extremely important for success in the future.”

Secondly, Mathias said the company had learned more about how communication between clients and CDMOs needed to evolve. “It will be more of a strategic partnership. I predict for companies in our area of business, in the future, we will have fewer clients in total but we will serve those clients in a more strategic way.”

Thirdly, Rentschler Biopharma found that full-service solutions would remain favorable. “We were one of the first companies offering this. Our slogan is from concept to market, so we try to offer a service across the entire value chain,” Mathias said. Rentschler Biopharma is already thinking about how it can go one step further by providing additional services that go beyond the vial – such as secondary packaging logistics for example.

Additionally, Rentschler Biopharma is striving for simplification for clients. The company has launched a holistic approach in several waves that aims to support efficiency and simplification across the entire organization. Initially, the focus is on operations, increasing productivity and decreasing deviations, for example. But the strategy is expected to extend into other areas of the business, such as project management or business development.

CDMO INNOVATION

Mathias noted that Rentschler Biopharma is keen to keep evolving the company to be an innovative CDMO business, to be able to offer services that its peers cannot. He cited the company’s alliance with LEUKOCARE AG as an example of its work to stay novel and ahead of

the curve. LEUKOCARE has developed a Stabilizing and Protecting Solutions (SPS) platform, which provides next-generation formulation technology able to increase stability of therapeutic proteins in dry and liquid formulations.

He said Rentschler Biopharma was able to avoid “not invented here” syndrome and accept that there was better innovation to solve a key problem for the business outside of its walls. “We had a formulation department already, but it was not at the level of LEUKOCARE. We closed our formulation department in Laupheim when we entered an alliance with LEUKOCARE. They are now our exclusive partner for the development of formulations, which really brings a competitive advantage to our partners.”

Rentschler Biopharma has also appointed a new senior vice president of process science and innovation. Jesús Zurdo joined the company in January 2019. He provides scientific leadership for development and manufacturing services from cell-line through to final product manufacturing and is responsible for managing key strategic collaborations to ensure Rentschler Biopharma remains at the forefront of innovation and technology. Prior to joining Rentschler, Zurdo was senior director of strategic innovation at Lonza.

Rentschler Biopharma has set out a plan to secure its technological leadership by following three innovation horizons: biopharmaceuticals, designer molecules and new therapeutic modalities. Within biopharmaceuticals, Rentschler Biopharma is focused on being “fit for purpose” and improving speed to the clinic. In designer molecules, it is looking at processes for assembly and stabilization, and complex architectures, as well as integrated solutions. Finally, the company is looking at new modalities and seeking partnerships to engage in areas like cell and gene therapy manufacturing. The company is assessing several alliance options, for example, AI technologies that could make production more efficient. Mathias stated, “We are not looking for merger and acquisition opportunities. We would prefer to go into an alliance and to continue to work together in partnership. That’s the way we approach innovation.”

NEW FACILITIES FOR A NEW DECADE

Mathias said the company’s US site was one step on its journey to become a truly global business. Geographic expansion, innovative services and company growth are Mathias’ goals for Rentschler Biopharma as it enters the 2020s.

“Until the end of last year, we were a German company, even to say a South German company. However, we have a lot of international clients. Our clients asked about an expansion into the US market and we took this seriously,” Mathias said. The Milford facility, which Rentschler Biopharma acquired from an affiliate of Shire plc, represents the first site for the company outside Europe.

The fully FDA-audited facility with a consistently favorable inspection history (from FDA, EMA, and Health Canada) will be qualified as a multiproduct production site to accommodate the growing biologics market. Rentschler Biopharma will be able to support partner projects in the US from early-stage development through clinical and commercial production.

