Interview: Stefan Berg – General Manager, NNE, Switzerland



"We do not compete locally, but we do take global knowledge and deliver locally!"

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The general manager of NNE Switzerland highlights the special pharmaceutical engineering focus of the company, allowing them to anticipate the latest trends and adjust to cater to their clients' needs.

You have seen this affiliate of NNE growing from 12 employees to 152 employees and have spent many years here. What does this affiliate mean to you on a personal level?

In 2004, I chose to enter this affiliate–at that time still Pharmaplan—knowing it would be the final stage of my career in terms of development. As a pharma engineer, you start in pharmaceutical production, then in equipment and plant engineering and once you have seen it all you can go into planning, the highest skill to be mastered in this line of career. Knowing that, I made the conscious decision that this is what I want to do for the rest of my life and this affiliate offered me a splendid foundation to realize this wish. What's more, the Swiss market is highly interesting, healthy and growing and our services are well-received and needed. While enjoying the Swiss market, we have the attractive challenge of being in global competition; we do not compete locally, but we do take global knowledge and deliver locally!

How would you define what NNE is today?

Today's company is the result of Pharmaplan and NNE coming together, building one company. Both had a similar DNA as both were coming from healthcare companies, however, were too small

and did not have a large enough global footprint. NNE acquiring Pharmaplan back in 2007, allowed the company to leverage synergies and grow to become the truly global, segment leading company with approximately 2000 employees focused on pharma engineering it is today! Our ambition is to deliver value in terms of innovative ideas and future prove solutions using the best technology. In the latter three aspects, we see us as one of the leading companies in the market.

To what extent is it a concern to your clients and restricting your business that you have Novo Nordisk as an owning company?

Due to our owner Novo Nordisk, we do have small restriction in the market. Novo Nordisk's core business is based on its 90 years of innovation and leadership in diabetes care, therefore we do not work for direct competitors in this field. However, the pharmaceutical market is big and—quite frankly—we do very well in the pharma market without insulin-related projects. But that is really the only restriction, also because there are not many secrets to be kept. Pharmaceutical companies typically actively exchange experience in this field, as they have to maintain the same compliance levels, have to meet the same regulations and so forth. As the active dialogue in between the pharmaceutical companies already exists, there's usually no concern with us belonging to Novo Nordisk.

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Is this relationship to Novo Nordisk an advantage?

Our DNA and heritage is definitely an advantage! We understand the business of our clients, their needs, challenges and trends as we are from their business. Moreover, many of our clients value that we have Novo Nordisk as owner, as this provides them with a sense of continuity and ensures them that we will still be there a decade from now.

NNE generated some USD 390 million in turnover last year. In this context, how significant is Switzerland to NNE's operations?

Switzerland represents ten percent of this turnover having planned to achieve CHF 36 million (USD 36.13 million) this year, only generated by our engineering hours of which we generate approximately 4000 per week. However, turnover and profit are not the terms in which we measure our success! Our declared target is to be the thought leader, the technology frontrunner and the most competent company, not to be the biggest in revenues or staff. My profit target, for instance, is with 5.4 percent short term and seven percent long term very moderate. But in terms of knowledge, technology and best practices I expect to be nothing but the best!

As an aspiring thought leader, how important is it to be present in Switzerland?

Switzerland is one of the most innovative pharmaceutical hotspots and this is exactly why it is important to be here—of course with our ambitions we have to be present in the hot spots, all of them. Another, for instance, is the R&D triangle in North Carolina or Brussels for instance, in both of which we naturally set-up affiliates. And quite simply, when talking about pharmaceutical hot spots across the globe: Basel fits!

Could you please give us a brief overview of NNE Switzerland's capabilities?

Our main revenue drivers in Switzerland are the projects where we act as general planners. That means we are being responsible for all disciplines in an investment project. Whether that is a Biotechnology facility, R&D centre or pharma manufacturing site, we can lead the project from its conceptual design, detailed design, structured commissioning to its hand over. We have several of these general planning projects in parallel. In addition to that, we positon ourselves as local partner. We currently have site offices or site support teams for Roche, Novartis, Actelion and more, engaging in the daily work such as modification or revalidations; in Novartis alone, we currently have 50 open projects.

An emerging trend in the pharmaceutical industry is personalized medicine and more and more niche indications. How has this affected your business?

We are always on top of latest development in the pharmaceutical industry and are adapting our services in anticipation of new emerging needs. In recent years, for example, single use facilities in the biotechnology field where in high demand and now this is shifting more towards smaller badge sizes and specialty facilities and our staff is educated already, thus being able to cater to these different design needs. As aforementioned, our ambition is to be the thought leader, this means we have to know all of the emerging trends in order to be able to anticipate resulting customer needs and prepare our staff to be ready in the starting blocks for it!

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There is always price pressure in the pharmaceutical industry and cost containment is a big topic. How do you navigate this challenge?

The engineering business is a low margin business in general, so we are always under price pressure. Pharma engineering, however, has an important distinction to other engineering fields such as oil and gas or environmental engineering: when price pressure for our customers and clients rises, it benefits our business because pharmaceutical companies start to outsource their

activities. Or, if they start to consolidate manufacturing sites, its results in work for us; if CMOs get more business, they need to expand, work for us and so forth.

Did you subsequently notice an uptake in the business environment?

At the moment, we witness a healthy investment climate in Europe with many investments also happening in Switzerland. We work with all the big companies in Switzerland including Roche, Novartis, UCB, CSL and more. Some years ago, we opened another office in Montreux –a town in the French speaking part of Switzerland—staffed with local, French speaking engineers. The cantons in that area plan to establish a biotechnology valley and we understood that to capture the market there we need local skills.

Pharmaceutical companies have to adhere to constantly changing regulatory requirements. How does that affect your business?

This is a unique selling point for NNE. We are focused on the pharmaceutical industry, that also means that all of our people are GMP educated and when a customer places an order with us we can guarantee that it will be compliant, future proof and will survive audits from the relevant regulatory authorities—GMP compliant solutions are the only thing we make. Moreover, we have regulatory and GMP specialists in house, ensuring all employees are properly equipped with the needed knowledge to deliver in utmost compliant quality.

So, increased rules and regulations are good for you?

Exactly. Changing GMP regulations drive investments in this industry across the globe. Quite frankly, sometimes our services are needed by a company although there is no economic business case, but simply because the regulations changed and the company now has to invest in order to adhere to the latest regulations.

Earlier you said you position yourself as partner to your clients. What makes you the right partner?

We have long term relationships with our customers and it’s all about trust. In our line of business, you can do it right for many years, if you do it wrong once there’s a risk of losing the whole partnership. I have known my clients here in Switzerland for many years now, more and more also on a personal level, and this is only possible through trust. At the beginning, you typically get a small project to test the waters, check the relationship and quality then, if delivered in expected quality, time and budget you move on to larger projects. This is how such a relationship is build, by constantly delivering and meeting the right quality, in the right time and in the right budget.

Having the kind of relationships we have with our clients today, is proof that we have done so for many years now! This is also why our customers display that high level of loyalty to us; they are hesitant to leave. All of this, because for 20 years now in Switzerland, we have proven that we can be trusted.

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