

Outsourcing and Insourcing: How Eurofins solves the bio/pharma industry's challenges associated with meeting drug development timelines and budgets with restricted headcounts

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Pharmaceutical and biopharmaceutical companies face a significant challenge to get their drug products developed and launched quickly, all while keeping development costs down. One of the most common ways for companies to lower development costs is to manage fixed headcounts. But when the same scope of work still needs to be completed by a designated time with fewer staff members, this presents a significant challenge. So, how do bio/pharma companies solve this ever so common challenge of increasing output while decreasing headcount? There are essentially three options: temporary staffing, outsourcing, or insourcing.

Temporary staffing

For short-term resource needs, such as medical or maternity leave, or other short-term assignments, temporary employees can be useful. However, temporary staffing poses



a myriad of obstacles for the BioPharma company, including burden on existing resources, co-employment, low ROI and other employment laws, and turnover/retraining challenges.

- Temporary staffing does not work for long-term needs as there is typically a maximum timeframe (6 -24 months) for temporary employees in each country or company in order to comply with co-employment laws.
- European regulations, such as the EU Temporary Agency's Workers Directive 2008/104, enforce equal treatment of permanent and agency workers in respect to working time, pay, and other employment rights.
- Companies carry the burden of hiring, training, and managing temporary workers.
- There is a high turnover rate associated with temporary staffing, resulting in continual training and lost opportunity costs, especially with current record low unemployment rates.

Consider transitioning your current temporary workforce to a PSS Insourcing Team as other clients have done.

A Eurofins client in the United States had 19 temporary employees all scheduled to reach maximum duration simultaneously. This could have caused a huge disruption in work for the client. By choosing PSS Insourcing Solutions, all 19 temporary employees were hired as full time Eurofins PSS employees and the client has grown to more than 80 PSS employees on site.

With more companies seeking effective alternatives to the temporary worker quandary to meet their workload demands, Insourcing and/or Outsourcing solutions become the easy preferences. When determining whether to outsource and/or insource laboratory service needs, there are a few factors to consider:

- Does the development work need to remain on-site for IP, quick turnaround times, or scientific collaboration?
- Does your company have the equipment to complete the testing?
- Does your company have the space, but not the people?
- Do your employees have the required expertise to manage and/or run testing on-site?
- Do you need help completing routine work?
- Could you benefit from shifting responsibilities of your existing employees to focus on other special projects?

Insourcing

Insourcing provides companies with the ability to keep the work at their facility without increasing their headcount. The staff are hired, trained, and managed by a third party and perform a defined scope of work at the client's facility. This is ideal for companies that want to keep the work at their facility, using their instruments and SOPs, while reducing headcount and eliminating co-employment and project management worries.

Eurofins PSS Insourcing Solutions® (PSS)

is the leading award-winning scientific insourcing solution provider in the industry. PSS infuses nearly 60 years of scientific and GMP laboratory operations expertise, as well as HR and great place to work best practices, to recruit, hire, train, and manage highly qualified and motivated scientists to perform laboratory services at a client's site, using client quality systems and equipment. PSS offers services from early phase development to finished product testing for both large and small molecule products. PSS teams will even help set up laboratories and validate equipment according to client SOPs and Lean laboratory practices.

PSS project-based insourcing solutions are specifically designed to give clients laboratory services support with flexible timeframes and no worries about co-employment and other regulatory concerns, at lower costs than fully loaded fixed headcounts.

The PSS program includes on-site management and can accommodate groups of any size or duration, tailoring the length of term to meet clients' needs. Team sizes range from a minimum of two to over 300 currently. With PSS, clients typically contract for a minimum of two years, but the



term of service can last as long as the business need exists. PSS has been continuously serving its very first client for 17 years and have had some of the employees on-site for the entire time. Regardless of the timeframe, clients inevitably appreciate the tremendous value an on-site strategic partner with no co-employment restrictions can bring.

Many companies are faced with the challenges of recruiting in today's market. With the US unemployment rate at 3.5%¹ (September 2019) companies are competing for strong talent. The constant turnover of temporary resources is very counterproductive and demotivating and is most likely having a negative impact on an existing workforce and their productivity. Using Eurofins PSS to lift various project burdens from existing staff can help increase retention as well as save time and money as PSS takes on the role of hiring and managing employees to free up client resources to maximize output.

As the leading managed service provider, PSS helps companies

avoid the turnover rate that traditional temporary staffing programs face by offering long-term career advancement opportunities, training and development, comprehensive benefits package, and great place to work practices. Offering these additional benefits allows PSS to attract, retain, and motivate high-caliber employees to serve clients. PSS also saves clients from the cost of turning over temporary employees, which has been estimated by some PSS clients to be more than \$30,000 per employee. PSS guarantees this model and indemnifies clients from co-employment under its practices. PSS on-site dedicated leaders manage full-time employees and scope of services with measurable KPIs and service metrics to ensure expectations are exceeded.

PSS provides:

- The security of keeping your projects at your facility
- A qualified workforce of employees that are provided benefits, training, and career growth opportunities
- Solutions to potential co-employment issues and challenges associated with staff augmentation
- Metrics to demonstrate productivities, efficiencies, and cost savings
- Lean and cost savings initiatives to save time, eliminate waste, ultimately to bring cost savings to PSS clients. In the last two years, PSS has saved clients over

\$11 million in cost savings initiatives.

- A resource for technical expertise and support through laboratory staff at the PSS network of global facilities

As a global, award-winning managed service provider, Eurofins PSS Insourcing Solutions has been delivering these services successfully for the last 17 years with significant growth, which demonstrates success in exceeding clients' expectations. Approaching 2,000 employees serving clients in more than 70 client locations, in nearly 20 countries, PSS has been recognized 12 times in the last 11 years with strategic partner awards from clients--the only insourcing solution provider with such a designation in the biopharmaceutical industry. PSS has never lost a client due to dissatisfaction.

The PSS motto is find great people, take great care of them and in turn they will take great care of clients. This motto drives PSS success to have happy, productive, and engaged employees meeting client business needs and exceeding service expectations.

Outsourcing

Outsourcing testing and other laboratory needs to a trusted contract

laboratory is a great option for work that either cannot be, or does not need to be, completed on-site at the client's facility. This method is useful for situations where the company may not have the equipment necessary to complete the testing or if they do not have the specialized expertise in-house to perform the work that is necessary for compliance. Most contract labs typically have state-of-the-art equipment and technical expertise to assist with a large array of testing needs to quickly complete testing for the clients in compliance with cGMP and other regulatory guidelines.

Eurofins BioPharma Product Testing is the industry's largest network of harmonized, BioPharmaceutical GMP product testing laboratories worldwide, providing testing services for all stages of the drug development process and support for all functional areas of bio/pharmaceutical manufacturing, including Quality Control, Analytical/Bioassay Development, Process Development, and Drug Delivery.



With 35 facilities across the US, Europe, Asia Pacific, and Australia and a global capacity of more than 1,600,000 square feet, its network of GMP laboratories operates under the same strict quality procedures offering complete CMC Testing Services for the Bio/Pharmaceutical industry, including all starting materials, process intermediates, drug substances, drug product, packaging, and manufacturing support through broad technical expertise in Biochemistry, Molecular & Cell Biology, Virology, Chemistry and Microbiology.

Offered at any of its GMP-compliant facilities, Eurofins BioPharma Product Testing provides the traditional Fee for Service outsourcing model where project based work is priced on a time and material basis and transactional work is priced on a per sample basis, as well as the

Full-Time-Equivalent (FTE) service model where a dedicated team of Eurofins scientists, with a specific skill set, is assembled for larger, long term programs and priced based on the size and experience of the team. FTE trained scientists use Eurofins' infrastructure, quality systems, validated equipment and consumables to meet clients' project testing needs, while integrating Eurofins' operations with client quality systems and SOPs.

Outsourcing and Insourcing, the Perfect Combination to Effectively Meet Your Business Needs

Offering three service models, traditional Fee for Service and FTE outsourcing solutions, as well as PSS Insourcing Solutions, allows Eurofins to collaborate with clients to determine which service models will best meet their

unique business needs. Many Eurofins clients use a combination of service models and our larger clients use all three to best serve their needs.

Our fundamental philosophy is to help clients efficiently allocate their research and manufacturing expenditures by strategically engaging them to meet their unique outsourcing needs.

Eurofins will collaborate and help determine which service model(s) will be most effective to get client's drug products developed and launched quickly all while keeping development costs down.

Reference:

¹National Employment Monthly Update. Retrieved October 9, 2019, from www.ncsl.org/research/labor-and-employment/national-employment-monthly-update.aspx.

Consider utilizing all three service models, Fee for Service, FTE and PSS Insourcing Solutions.

A Eurofins global biopharmaceutical client expanded the relationship beyond use of traditional Fee for Service to also include an FTE program supporting large molecule and began using PSS for both small and large molecule work on-site with more than 30 PSS employees supporting four technical areas in two geographic locations.

Another client originally used Fee for Service quite extensively before engaging in an FTE program to support small molecule development 10 years ago. The client also added a two-person PSS program at that time to support stability testing on site and has since expanded their PSS program to support a variety of technical areas to become our largest PSS client with more than 500 employees across 13 locations worldwide.

Comprehensive GMP Testing Services

Method Development & Validation • Release Testing • Raw Materials Testing
 Cell Banking Services • Virology Services • Facility & Process Validation
 Chemistry • Biochemistry • Molecular & Cell Biology • Microbiology
 Stability Testing & Storage • Primary & Secondary Package Testing

Flexible Service Models

Fee For Service (FFS)
 Full-Time-Equivalent (FTE)
 Professional Scientific Services® (PSS)

Global Facilities

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| Australia | Denmark | India | Japan | Spain | UK |
| Belgium | France | Ireland | Netherlands | Sweden | US |
| Canada | Germany | Italy | New Zealand | Switzerland | |