



CASE STUDY

Active Pharmaceutical Ingredients



Our customer is a US based small scale CDMO of liquid products. They approached Xagonal as they had been quoted an Active Pharmaceutical Ingredient (API) price per for one of their projects that was much more expensive than their customer could endure. The project was at risk.

We initiated our standard process with the customer, establishing criteria for the selected supplier to be evaluated against and identified target outcomes in terms of delivery, cost savings and any additional value adding services which could be included. Once we started our process, the customer quickly added a second API to the scope as they also thought a better deal could be achieved.

The customers original pricing had come directly from an Indian source for each API and, rightly so, this raised a red flag. Not that there is anything wrong with the higher quality Indian sources, it was that the CDMO, with its very small volumes, had no leverage with the Indian sources and they deemed that a high supply risk. They asked that we address this.

Results

Established a single US source for both products who had direct links to the chosen European manufacturing sites. This tackled the risk element.

API 1. The customer needed 200g and had been quoted \$3500 per gram. We were able to achieve a price of \$1700 per gram, a **52% saving for our customer.**

API 2. The customer needed 600g and had been quoted \$28 per gram. We were able to achieve a price of \$17 per gram, a **40% saving for our customer.**

Annual cost is now \$350k, a saving of \$367k.