

“Our mantra is to reach out?”

21 April 2014 | Interviews | By Rahul Koul Koul

“Our mantra is to reach out?”



Q: How successful has been the Cross Labs experiment so far? How is it different from what your competitors offer?

Cross Labs is an activity wherein we use our installed base for doing multiple product lines. We not only offer our services to the labs on the instruments we manufacture and sell but the others as well. This is the basic premise for the cross labs concept. This is a unique one and not many have similar kind of set ups. Only one competitor has similar kind of offering. But we have been way ahead.

If we have three competitors then it is obvious that few clients will have installations of theirs besides ours. When we offer servicing of our instruments, we also offer for the competition too. Therefore, the client doesn't have to contact different vendors. We always ensure that we have quality spare parts. When three years back we ventured into the area, people used to look at it carefully but over the time, it has emerged as a successful model.

Q: Who are your clients? How many platforms you deliver annually?

Agilent has got a big market share in pharma. We have been also growing significantly in food testing where we have done exceedingly well in last two years. The other areas that we have been focusing on are material and environmental sciences. In parallel, we have been also been looking at education market. We are reaching out to colleges and universities and focus is on the direct channel so that there is quality.

We deliver 100-150 platforms every year. Our mantra is to penetrate or reach out to new clients. I feel personally it is not relevant how many instruments have we sold but it is critical for us to know how many new customers we have added. Our

percentage of contribution to new clients has been growing.

Our centre based out of Manesar in Haryana, is not only focussed on India but it also looks at global operations such as finance and back end. We share our centre of excellence for business support and showcase instrumentation. In Bangalore, we have global R&D centre that is dedicated to find new solutions and fine tune the existing technologies. We have offices across the country to reach out even to remotest village to provide the pre-sales and post-sales support. We are at the top in terms of service expectations.

Q: How has been your performance? Have you introduced any new technologies?

In terms of overall market and business, the Indian market has been pretty challenging. Especially with the rupee depreciation, the instruments have become 30% more expensive in last 18 months. End consumers have limited budget and competition also adds to our challenge. However, we did fairly well despite that. Our growth has been half more than that of the market. We have still grown despite this and even more than market growth rate. We have also grown much beyond the market growth in consumables. We have not launched any technology per se. But we have improved the existing technologies through modification by specifications and turnaround time. When you ask about HPLC, it has become a common commodity today. There is no room for any changes in it as far as I can see. We have introduced the Microwave Plasma- Atomic Emission (MP-AES) for cost effective elemental analysis capabilities. The technology runs on air instead of argon gas cylinders required generally. It is much environmental friendly.

Q: What kind of market competition exists and how do you deal with it?

For instruments, I don't see much of Indian players. Infact, we have four to five multi-national players dominating the market. The competition surely does exist and it is mostly about the pricing. But our focus on quality is supreme. We may have lost few major projects to competition on pricing but never on quality. We have restrictions on how much we can go down and are also bound by our principles. The rupee depreciation also is a factor here. Our products are dependent on dealers and we have been non-competitive on prices. But despite that we have done well.

Q: Has the client behaviour changed over time? Did that anyways add to your challenges?

There have been multiple changes since past few years. The clients previously knew about the technology through vendors who were loyal. But it has changed. Awareness is increasing through the internet opening up. Clients ask questions which we had not dealt earlier. In terms of knowledge, they are doing well. On commercial front, there is a competition on price between service providers. Although the rate might not differ much but we surely don't have any price war here. Agilent has always scored high on that front of quality and value for services. It is important what product value and presentation we offer. The challenge is on the tendering process. Most of the big pharma companies and academic institutes ask for increased service time. Sometimes the five year warranty and ten year maintenance asked by them is too much. It becomes difficult to commit for such a period of time as these days instruments hardly last for that much time due to new technologies coming up.

Q: What are the immediate challenges before you? Are there any expectations from the new government at centre?

The funding has witnessed significant decrease. Generally in March, we have lots of funds but this time the elections have made the allocations suffer. Academia and research generally give procurements orders at this time but that has slowed down.

Our expectations are that the new government's focus will be on building institution infrastructure (labs) so that we can gain opportunities. We expect the dollar to go down against rupee. We want the next government to be business friendly and supportive of the industry.

Q: What is the future outlook of your company?

We are into petro-chemicals, material sciences and agriculture, expecting to do well in these areas. Once the government mines are opened, we expect to do good business from mining too. Our outlook for next few years is to enhance coverage to universities, go into new areas, reach out to academic institutions, and build up infrastructure. We will keep growing significantly beyond the market rate.