

Betting big in India's bioseparation space

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The company's president Mr Anthony J MacDonald, who was formerly with Pall Corporation, recently visited India in setting up and overseeing the company's establishment in Bangalore.

Spectrum Labs makes products and services to the Biopharmaceutical and Pharmaceutical industry. It majorly manufactures filtration, purification and separation-related products.

He exclusively spoke to BioSpectrum's Raj Gunashekar offering a glimpse into Spectrum's India expansion strategies, further investments, plans on M&As, and the market outlook.

The company, a private firm, was founded in 1970, and is headquartered in Los Angeles, California, USA.

It has 3 manufacturing sites in the US, along with an engineering site, and 2 logistics sites, totaling up to 6 campuses in the US alone.

Spectrum Labs also has a satellite office and a logistics center at Netherlands in Europe, which started in 1999.

In 2012, it ventured into China, and the same year extended its European office further. In January 2016, India witnessed the entry of Spectrum Labs into the country in Bangalore city.

"Our intention in India is to help customers, and grow with them in the Biotech and Biopharma space. We directly want to service our customers. The type of products we make involve a lot of interactions with them, and we want a crystal clear understanding of their requirements and provide the necessary services," voiced Mr Anthony MacDonald, President, Spectrum Labs.

Currently, the bioseparation industry is seeing a major trend, which is, going from the traditional fed-batch fermentation process to perfusion fermentation, a continuous process.

Mr MacDonald added that India has multiple growth driving factors for the company.

"Firstly, a lot of companies are expanding vaccine manufacturing in a big way here in India. Then there is Biosimilars entering the Indian market in a big way. They are going to be our growth drivers in India," he commented.

When asked about the company's strategies in handling competition from small and medium enterprises (SMEs), Mr MacDonald shared, "We make our separation technology in a competitive manner, which is best in the US and Europe. We compete well with the SMEs and take on the challenge. When we bump into them, we always see what their advantages are and play on those. We ensure customers see the value of our products and services."

He feels that running a business in India will bring in its own unique challenges.

"We are getting familiar on how to do the business in India. There are a lot of regulatory challenges. We have an experienced director here in India who is now guiding us. Indian market is different from other markets. When we opened our China office in 2012, it was quite a learning curve. We use that as a blueprint in conducting business in India. We apply that concept and work with the local consulting group. People say Chinese market is hard. Yes, it is! But India has more pages of regulations to work with. Indian market is not necessarily difficult but you just need to know how to, and be familiar with the market," he explained.

The company's President also revealed that Spectrum Labs will expand further within India in a stronger way.

He opined, "We are profit-driven. We want to get to a profitable stage in India. Once we are there and can maintain a good sustainability, we are going to add other sites in India. But for now, first we want to build the business in Bangalore. Once we are up and running here, we will invest in other sites. We are working on that right now. Our next destination could be metros like Chennai, Hyderabad, or Mumbai."

Spectrum's R&D happens predominantly in the US. It invests a significant 2% to 5% of its revenues into its R&D annually.

"As we expand further, our R&D will happen at various centers. Our technology is evolutionary, and we are working along with our customers. Our R&D product development comes from the field, and from our technology sales force, and also from the in-house engineering teams," Mr MacDonald expressed.

Most of the company's revenues is generated from the US markets.

He highlighted, "But the revenue percentage will decline as we grow further. For example, 12 years ago, our revenues from North America was 80%. Today, it is down to 60%. The rest of the world contributes 40%.

"Right now our Asian revenue stands at 15%. But, in the next few years, Asia will represent over 30%.

"We also believe that our distribution revenues will be 40% in the US, and 60% from the rest of the world. In the next 5 years or so, out of this 60%, Asia and Europe will contribute to 30% each."

The company has a plethora of reasons in choosing Bangalore as an entry point to the Indian market.

"Bangalore is the home to the IT industry. As we grow and invest in business, IT is going to play a bigger part in it. Companies who are competing with us are also based in Bangalore. It's a home to our type of industry, and the weather is simply perfect," Mr MacDonald justified.

As of now, the company is very bullish about the Indian market. "We invest a lot of time and money in membrane technology and its applications. We are looking forward to work with Indian customers in the Biotech, Biopharmaceutical and Pharmaceutical industries to help them grow. Our market is the separations industry, which is a multi-billion dollar market. We are a segment of the separations industry, and the Indian market is a subset of that. The market will grow with the Biopharmaceutical space. It is in fact going to hit a solid double-digit in India," he held.

Will the company take M&A route in India? "Yes," Mr MacDonald stated. "We are open to M&As. We cannot share anything about it at the moment. But we do have plans for M&As in India."