Speciality Chemicals World
CONNECTING INDUSTRY ACROSS THE GLOBE

INSIDE ...

- Highlights from 2017
- Industry news
- API challenges
- Toll benefits
- REACH the deadline!

www.specialitychemicalsworld.com
We Know You Don’t “NEED” Us

We’ve never really embraced or understood the notion of an “unmet need.” In fact, in this noisy, highly fragmented fine chemical industry, we have yet to encounter a need among our small molecule pharmaceutical chemical clients that goes unmet for very long. However, we have figured out ways to help our clients do what they do better. Whether it’s de-risking your supply chain, outsourcing a chemical intermediate, lowering your weighted average COGS, you will find Exeris works hard to find out how you do those things, and then helps you do it better.
Welcome to the inaugural edition of Speciality Chemicals World!

It is a great honour for us to launch this publication at the prestigious Annual Society of Chemical Manufacturers and Affiliates (SOCMA) Dinner in New York, but for us it is also a logical first step. Like SOCMA, we are dedicated to speciality chemical manufacturers, distributors and affiliated service providers. Like SOCMA, we see it as our mission to represent speciality chemical companies everywhere. And like SOCMA, our vision is to be a recognised voice of those companies, presenting your news and views to the world, as issues develop and innovations emerge.

Therefore, as 2017 draws to a close, we are excited about a new beginning – the beginning of Speciality Chemicals World, which I hope you will find a useful platform for industry news, as well as a resource for information in the form of technical and business-focussed articles on individual sectors, regulatory issues and corporate social responsibility. Please visit www.specialitychemicalsworld.com, and let us know what you think!

As well as rapid on-line publication, we will be partnering key industry events throughout the year. Remember to pick up your next copy of the magazine at DCAT Week ‘18 and, if you have time to meet with us there, please get in touch and we’d be delighted to talk.

Happy New Year!

Ellie Bruni
Publishing Director
Speciality Chemicals World

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ISSN 2515-9941
A welcome message from Jennifer Abril, President and CEO of SOCMA

SOCMA Modernizing to Focus on Industry Growth

As I complete my first year as SOCMA’s President and CEO, I am delighted to reveal the many exciting changes happening at the association. Based on member input and after convening with our Board of Governors, SOCMA is launching an internal transformation focused around growing the specialty and fine chemical industry. To enable this, we are modernizing our programmes and initiatives.

Looking to 2018 and beyond, we will introduce a segmentation model that will focus on supply chain issues and growth opportunities for the specialty chemical industry. In our new sector groups — Performance Chemicals, Agro Chemicals and Pharma Chemicals — members will discuss the latest trends, technology, science and policy issues that impact the value chain.

To enable deeper and more meaningful networking, SOCMA will also develop strategic partnerships with upstream and downstream industries to bring new ways for members to interface with customers and suppliers.

We know that networking is vital to building relationships, so we are embracing the power of convening market and subject-matter-focused events, that are more personalized and reflect industry peer groups. SOCMA is uniquely positioned with the specialty and fine chemicals industry to focus on issues impacting members’ areas of specialization, and we will provide opportunities for members to interact and share best practices.

As part of our new strategic focus, we will:

- Align the association with key industry markets
- Convene, lead and drive knowledge sharing and business networking
- Deliver industry intelligence and expertise for members
- Position and engage the industry for growth throughout the value chain.

Through implementation of this new model, we are opening the door to new companies throughout the value chain and providing a more customized experience for all of our members.

A key player in directing the new segmentation model for SOCMA is Paul Hirsh, Senior Vice President of Industry Development and Strategic Partnerships, who joined our organization on 1st November. In this role, Paul will be a driving force focusing on business growth and market-building activities in core market segments.

Paul brings more than 15 years of experience in the chemical industry at various trade organizations, including the American Chemistry Council and the National Association of Chemical Distributors. More recently, in his role of Vice President of Membership and Strategic Partnerships at the American Composites Manufacturers Association, his focus was to provide leadership on expanding programmes and services offered under the traditional trade association model to include industry development for ACMA’s members.

We are thrilled to have Paul on our team, providing insights and leadership as we continue to reframe our organization. Paul is a 25-year veteran with extensive public policy, business development and trade association experience. We look forward to drawing from his knowledge and expertise as we refocus our programmes and implement this new segmentation model.

We are also enhancing the skillsets of our team by bringing on additional staff with technical, legal, and marketing expertise. It’s an exciting time at SOCMA, and I look forward to all that lies ahead.

I invite you to talk with members of our team during the Annual Meeting and Dinner here in New York and learn more about what’s in store for our members and the specialty chemical industry in the coming year.

Jennifer Abril

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Jennifer Abril
68 Years of Chemical Recycling Experience

Sandrine Corp. is the oldest and most experienced recycling company in the chemical field.

We have accounted for well over 40,000 tons of product recycling. We purchase and sell overstock chemicals, pharmaceuticals, intermediates, and additives.

This concept of effectively recycling unused product is not new but it helps minimize destruction and any potential impact on the environment.

When you think about disposing of your chemical products, Think Sandrine Corp. First! We create winning solutions from something that looks like a loss.

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Fax: 561-989-2388
Sandrine@earthlink.net
www.sandrinecorp.com

Please send us details of products you wish to sell and we will promptly evaluate and provide you with our best offer.
Wow, I bet it doesn’t feel as if you’ve been here a whole year! Tell me how it’s been so far.

It has been a very busy but exciting year, full of new learnings. When I re-joined SOCMA in late 2016, I was thinking about how I would reconnect to issues and people I knew during my first tenure at SOCMA, and how I could help distinguish the association from other chemical industry players. Our specialty chemical makers and their business models are different to those who make high-volume commodity chemicals. Most of my career has been in the chemical supply-chain, returning to SOCMA I quickly realised that the industry had undergone a tremendous evolution in these past 10 years. And, I understood that my biggest undertaking would be to reframe the organization to provide a strong platform to showcase this highly innovative industry and to redesign the association’s focus and services to enable growth.

What do you think were the moments of greatest importance for the chemicals manufacturing industry in 2017?

I am extremely pleased that 2017 has been a good year for our members and the specialty chemical sector. In visiting with members, we have heard, anecdotally, that it has been a banner year for many of them.

One thing we have implemented in our enhanced communications strategy is the Member Spotlights publication on our social media platforms. This is a great way to help us celebrate our members’ success, whether it be a key accomplishment, expansion project, welcoming a new employee, or an environmental, health and safety win. We also continue to highlight member companies in our newsletters and other publications. As the voice of the specialty and fine chemical sector, we are celebrating these successes in every avenue at our disposal.

In looking back at the first year of the Trump Administration, there were expectations of a business boon, especially with the President’s pro-business and jobs growth attitude. His “One In, Two Out” rule says that for every new regulation issued, at least two prior regulations had to be identified for elimination. This was good news for our industry, which is one of the most heavily regulated. We have found, for the most part, that the Administration has been “business-friendly.”

We are also pleased with the direction being taken by Administrator Scott Pruitt and his team at the US Environmental Protection Agency (EPA) in its efforts to create a more open and transparent Agency, as well as implementation of the new iteration of the Toxic Substances Control Act (TSCA). Facing issues early on with pre-manufacture notices, the Agency worked expeditiously to review and resolve the backlog of PMNs. SOCMA has intervened in multiple lawsuits to help defend EPA from lawsuits regarding TSCA rulemakings by non-governmental agencies (NGOs).

Another win for the specialty chemical sector was the delay of the Risk Management Plan rule, which regulates facilities holding more than a threshold quantity of a regulated substance. The rule was supposed to take effect early this year, but through efforts of SOCMA and other stakeholders, it has been delayed until 2019, which will give EPA additional time to resolve outstanding concerns.

We are also engaged with the adoption of a new Miscellaneous Tariff Bill, which reduces or eliminates duties on materials not available in the US that our members need to do business. And, we are monitoring and providing feedback as needed on renegotiation of the North American Free Trade Agreement and other trade issues.

How has your organization worked with President Trump’s administration to foster relationships and share information about important issues?

Our team made it a priority to personally meet with key officials in the Administration. During these meetings we explained and advocated for the industry. This year, SOCMA met with, among others:

- Scott Pruitt, Administrator of the Environmental Protection Agency
- Wilbur Ross, Secretary of the Department of Commerce
- George Sifakis, Assistant to the President and Director for the Office of Public Liaison
- Sean Caimcros, Deputy Assistant to the President and Senior Advisor to the Chief of Staff
- Linda McMahon, Administrator of the Small Business Administration

SOCMA is also participating, as one of only two representatives of the chemical industry, in EPA’s Smart Sectors programmes, a partnership between industry and the Agency that focuses on improving environmental outcomes while supporting economic growth. We commend Administrator Pruitt for revitalizing a programme that encourages open dialogue between industry and EPA.

Are you optimistic about the future of chemical manufacturing?

Market intelligence indicates growth across key segments in North America and globally. I am particularly optimistic about the role of specialities and fine chemistry. I recently attended a Sustainability Leadership Forum where some of the most progressive blue-chip companies discussed how they are working with their supply-chain partners to provide solutions to future business challenges.

Everything they are working on will need to be aided by specialty chemicals. This means there are markets being developed now, that we don’t even know about, but we will play a fundamental role in shaping. SOCMA is uniquely positioned to play a significant role in the industry’s growth, address supply-chain issues, and enable new markets.
Siegfried’s formula in a 360° matrix is full-fledged integration of Drug Substance and Drug Product in one business to support customers’ entire value chain from chemical development to commercial production.

Creating and manufacturing formulations is our passion, as our foundation was built on inherited technical know-how and expertise, which is unique for a supplier of development and manufacturing services. Our culture is built on loyalty, respect and credibility, combined with sustainability and excellent compliance. We work closely with customers to develop and optimize innovative chemical processes adding more benefit and value. Siegfried has 9 sites worldwide with chemical manufacturing multi-purpose cGMP locations in Zofingen and Evionnaz, Switzerland; Pennsville, New Jersey (USA); Nantong, China; Minden, Germany and Saint-Vulbas, France. Our drug product manufacturing sites are located in Zofingen, Switzerland (Pilot); Malta; Hameln, Germany, and Irvine, USA.

www.siegfried.ch
SOCMA’s 96th Annual Meeting and Dinner

We invite you to join us December 4 at the Crowne Plaza Manhattan in New York for our Annual Meeting and Dinner. This year’s Annual Meeting features a new format that kicks off with a networking lunch, followed by a series of ChemTrends sessions that will focus on key issues impacting the specialty chemical sector. As we embark on this new direction, the Annual Meeting is a perfect time to share your insight and thoughts on how we can best position SOCMA to better serve your company.

As usual, we are joined this year by hundreds of thought-leaders and top-tier executives in the chemicals manufacturing industry. Last year’s event was attended by 350 leaders in industry, including representatives of more than 140 companies and organizations from across the globe. This year promises to be even more successful, and we look forward to celebrating the year’s successes with you.

**Agenda**

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<tr>
<td>12:00–13:00</td>
<td>Networking Lunch – Times Square C</td>
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<tr>
<td>13:00–13:45</td>
<td>Opening General Session &amp; Annual Business Meeting – Times Square A</td>
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**ChemTrends: Join us for discussions on key topics facing the specialty chemical sector.**

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<th>Time</th>
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<tr>
<td>14:00–14:45</td>
<td>The Private Equity Playbook – Times Square A, B</td>
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<td>• Larry Thomas, Wilt Street Ventures, LLC</td>
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<td>14:45–15:30</td>
<td>Finding People Who Make a Difference® in Specialty Chemicals – Times Square A, B</td>
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<td>• Peter Norton, Sanford Rose Associates</td>
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<td>15:30–16:15</td>
<td>2018 Chemical Industry Spending Outlook, USA &amp; Canada – Times Square A, B</td>
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<td>• Trey Hamblet, Industrial Info Resources</td>
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<td>17:30–19:00</td>
<td>Pre-Dinner Reception – Broadway Ballroom Foyer, Atrium, Rooms 405 &amp; 406</td>
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<td>19:00 –21:30</td>
<td>Dinner – Broadway Ballroom</td>
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**Featured Entertainer**

**Jeff Havens**

Over the past decade, Jeff Havens has become one of the most in-demand presenters in North America. His truly unprecedented ability to deliver high quality, extensively-researched education in an undeniably entertaining way has earned him dozens of repeat clients, all of whom appreciate Havens’ insistence that we’ll all improve better and faster if we actually enjoy the learning process. By combining the content of the traditional presentation with the entertainment value of a comedy show, Havens has found enthusiastic audiences in government, academia, small businesses and several Fortune 50 companies, all while still (somehow) being one of the youngest members of the professional speaking circuit.

Havens firmly believes that making learning fun is the quickest, cheapest, and most effective way to create a culture where people are eager to continually improve. Whether you want to improve your leadership or inspire more innovation, communicate more effectively or eliminate generational tensions – if it’s important to you, Havens will make it fun.

**ChemTrends Speakers**

**Larry Thomas**

During his career in the specialty chemical industry, Larry Thomas has held executive and business development positions with global giants Dow, Air Products and Toyota, and with high-tech start-ups in fields ranging from lithium batteries to medical diagnostics.

Now an investment banker for Spouting Rock Capital Advisors, he works with founders and CEOs to apply the lessons of the Private Equity Playbook so they can raise money, secure partnerships and seek exits that reward them for the value they’ve created in their companies.

Thomas has an MBA from the University of Chicago and a BS in Chemical Engineering from the University of Virginia.

**Pete Norton**

Pete Norton is a Managing Partner and Search Consultant with Sanford Rose Associates. He owns and manages a search practice focused on the Speciality Chemical industry. His prior experience includes having worked in the Speciality Chemical Industry for both a leading, global supplier of speciality chemicals and a major global consumer of speciality chemicals and materials – for more than 30 years, followed by 16 years of running a successful search firm.

His award-winning office has completed searches for clients and critical positions located throughout North America, Latin America, Canada, Europe, India and China.

Sanford Rose Associates International is recognised as a Top 10 ranked retained executive search firm network of independently owned executive search firm offices.

**Trey Hamblet**

Trey Hamblet is Global Vice President of Research for the Chemical Processing Industry, a position he has held since 2002. In this position, he manages research teams that identify and track project spending in all segments of the Chemical Processing Industry globally. Additionally, he manages multiple commodity research teams tracking offline maintenance events in chemical, gas processing and energy industries. An Industrial Info employee since 1991, Hamblet also serves as the VP of Research Operations and is a member of Industrial Info’s board of directors.
Translating academic results into commercial opportunities

At the Moulder Center for Drug Discovery Research, we blend cutting edge academic research, modern pharmaceutical industry best practices, and state-of-the-art laboratory facilities to develop the next generation of modern medicines. With over 200 years of industrial experience, our staff of dedicated scientists is uniquely qualified to push the boundaries of pharmaceutical sciences.

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- Cancer therapeutics
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Opportunities
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To work with the Moulder Center please contact the center director

Dr. Magid Abou-Gharbia
Associate Dean for Research
aboumag@temple.edu

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December 2017

www.specialitychemicalsworld.com
After more than 96 years of serving the specialty chemical industry, we are excited to announce the launch of a new strategic direction. We are strengthening our foundation by developing program sectors into which our members sell their products and focusing on the development of strategic partnerships throughout the industry to grow your business.

TAKE A FRESH LOOK....
at the Leading Trade Association
Representing the Specialty Chemical Industry

Our new direction includes customized services for companies serving the following industry sectors:

AG CHEM

PHARMA CHEM

PERFORMANCE CHEMICALS
Politics and regulations

As Donald Trump took office as the 45th President of the United States, the pharma industry was still reeling from his comments (the previous week) about “getting away with murder” and his promises to subjugate drug manufacturers with “the power of the tweet”. His claim that Medicare could save $300 billion a year by negotiating drug prices, and insistence that he didn’t care whether his demands sent stocks into a high dive, did not give US pharma an auspicious start to 2017. Yet within a matter of weeks, in a meeting with industry leaders, President Trump said he wanted to knock down regulations, speed up Food and Drug Administration (FDA) approvals, change tax codes, reduce prices and move manufacturing back to the US. Many top executives started to say that the President’s proposals could amplify industry growth.

At the same time, on the other side of the Atlantic, British Prime Minister Teresa May announced plans to leave the EU’s single market as part of a ‘hard Brexit’, yet referenced chemicals and pharma as key sectors where she believed it would be in the UK and EU’s best interests to minimize disruption to trade and investment. But after signing Article 50 in March to initiate the exit, Britain became the ‘bad boy’ of Europe, as disagreements broke out over refusals to discuss trade agreements before the ‘divorce’ was settled. Nine months later, little progress appears to have been made, and concerns are growing over the uncertain future of British trade.

Trade bodies in the UK have also been asking questions about ownership of REACH data post-Brexit. While hoping for greater support from government, and for a ‘good’ deal with Europe, companies in the UK are preparing themselves for whatever Brexit may bring. On a more optimistic note, it has been suggested that Brexit may be the trigger that the UK’s chemicals industry needs to re-think the ways in which it operates, for example to provide more innovative approaches to R&D, and to develop more efficient business models. With the UK’s existing technology base, capitalization on areas in which chemical companies can show strengths and expertise may translate into significant economic success.

The final REACH deadline is now less than 9 months away, as May 31st saw the final deadline for pre-registration and many people’s attention turned to challenges beyond May 2018. Clearly, there is a vast industry beyond Europe, and an increasing number of challenges are emerging as countries introduce new or more stringent notification and registration schemes. For example, China’s new regulations on pesticide administration came into effect on 1st June this year, with important impacts on manufacturers, importers and distributors working in – or with – the Chinese agrochemicals industry.

In July, the FDA acknowledged that some pharma manufacturers had not yet installed the technologies required to comply with US Drug Supply Chain Security Act (DSCSA) Serialization Enforcement, and as a result the deadline for compliance was pushed back a full year, to 26th November 2018.

Big business

DCAT’s Patricia van Arnum predicted in January 2017 that the global pharmaceutical industry would see positive growth at moderate levels in 2017. By the 3rd quarter of this year, that prediction was holding true as, on the other side of the Atlantic, the UK’s Chemicals Industries Association’s economic outlook in August reported that “global growth is on track for modest improvements in 2017 [3.5%] and 2018 [3.6]%.”

The number of new facilities and expansions that have been reported this year have been overwhelming, and they are too numerous to mention here. Let it simply be noted that the industry appears to go strength to strength, and the speciality chemicals industry continues to thrive.

Of ’mega-mergers’, ChemChina completed its $43 billion takeover of Swiss giant Syngenta at the end of June, about 16 months after its offer was made, and DuPont announced the completion of its $130-billion merger with Dow Chemical Co on 1st September (the deal was first announced in December 2015) to form ‘DowDuPont’.
In February Bayer’s CEO repeated that he was confident the long- awaited $66 billion merger with Monsanto would close by end of the year. However, a deal with BASF to acquire significant parts of Bayer’s seed and non-selective herbicide businesses (for an all-cash price of €5.9 billion), which Bayer needs to divest in the context of its planned acquisition of Monsanto, was only signed in October, making it increasingly unlikely that an end-of-2017 goal for completion would be achieved.

Some of the biggest deals in the pharma industry this year were Johnson and Johnson’s $30 billion acquisition of Actelion, Gilead’s $11.9 billion acquisition of Kite Pharma, Thermo Fisher Scientific’s $7.2 billion acquisition of Patheon, Lonza’s $5.5 billion acquisition of Capsugel, Takeda Pharmaceuticals’ $5.1 billion acquisition of Ariad Pharmaceuticals, Allergan’s $2.4 billion acquisition of Zeltiq Aesthetics, Bristol-Myers Squibb’s $2.3 billion plan to buy IFM Therapeutics (IFM), Catalent’s plan to acquire Cook Pharma for $950 million, and Sanofi’s $750 million acquisition of Connecticut-based flu vaccine maker Protein Sciences. Also topping the headlines towards the end of the year were plans by Amneal Pharmaceuticals and Impax Laboratories to merge, creating the fifth largest generic-drug company in the US, with combined 2017 revenues of up to $1.85 billion.

Harvey, Irma and Maria

Deserving of a section of its own in this review, the full impact of Hurricanes Harvey, Irma and Maria in August and September this year will be felt for a while yet. Wreaking devastation across the Caribbean and southeast US, Harvey and Irma were estimated to have caused up to $200 billion in damage to Texas and Florida. A major industry impact was reported to be a fall in crude oil production, refinery demand and exports. A variety of midstream companies also reported damage, although in most cases operations soon restarted. Puerto Rico was hit hardest by Hurricane Maria, which affected the country’s substantial pharmaceutical manufacturing base, and cost up to $95 billion in damages, according to some estimates.

The US FDA responded with a ‘Hurricane Relief Effort’ that prioritized actions such as providing recommendations on how to handle food and medical products that may have been impacted by the storms (including those in Puerto Rico), working with industry to assess damage and impact to facilities, to avoid – where possible – food and crop loss, and coordinating solutions to prevent shortages of life-saving therapies.

Sustainable innovation

Much of this year’s innovation has been driven by sustainability. A trend for developing ‘greener’ alternatives for conventional ingredients or additives has continued, demand for natural cosmetics is still steadily on the rise, and biological pesticides are gaining dominance in the agrochemical sector, while ‘soil correctors’ increase yields and optimize water usage as scientists uncover the mysteries of our natural soil biomes.

An interesting collaborative project by BASF and bse Engineering is enabling economically-viable transformation of excess current and off-gas CO₂ into chemical energy story methanol in small-scale delocalized production units. This is a great step forward in sustainability, circular economy and increased efficiency of renewable energies. What’s not to like?

Some of this year’s top bio-alternatives that caught our attention included Biotensidon’s cost-effective mass production of rhamnolipids (biosurfactants); Emery Oleochemicals’ Emerox azelaic acid as an alternative to sebacic acid, and Edonol azelaic acid derivative as a substitute for dioctyl sebacate (DOS); Reverdia’s range of biosuccinimide-based polyurethanes; BASF’s new clearcoat that uses biobased hardener Desmodur eco N 7300; and Clariant’s renewable-based neutralizing agent Genamin Gluco 50, as well as its GlucoPure Sense, a unique label-free surfactant based on 100% renewable sunflower oil. Also this year, Avalon Industries launched a research project to replace formaldehyde with bio-based, non-toxic 5-HMF (5-hydroxymethylfurfural), and we will be looking for the results of that project over the next year.

For natural beauty, Evonik launched functional additive SIPERNAT 11 FC to substitute microplastics; Lonza’s new Polyaldo polyglyceryl esters range includes naturally derived alternatives; Wacker’s BELSIL DM 5700 E contains nonionic surfactants based on renewable raw materials; and Green Biologics has been collaborating with Jungbunzlauer Ladenburg on bio-based plasticizers for use in personal care, healthcare, bio-polymers and other applications. Botaneco, a US-based natural ingredient company, opened a new laboratory in New Jersey to formulate sustainable ingredients derived from oilseeds, such as oleosomes, for the personal care industry.

Yet despite this focus on sustainability on the product side, a report by CDP (a not-for-profit organization that runs the global disclosure system for companies and other entities to manage environmental impacts) revealed in October 2017 that many chemical companies are struggling to meet the Paris Agreement goals. CDP highlighted AkzoNobel, Johnson Matthey and DSM as ‘best performing’ on climate-related metrics, and warned that long-term investors will increasingly look for all chemical companies to adjust their business strategies in line with more ambitious emissions reduction targets and a rise in carbon pricing schemes globally.

To conclude…

This has been a difficult year in many ways, and perhaps it is remarkable that continued growth has been achieved. Testament to the commitment and inventive mindset of the people that we work with, the specialty chemicals industry appears robust and secure.

A recent (August 2017) survey by Deloitte of 160 Chief Financial Officers revealed lowering perceptions of own-company prospects and expectations about the economy. Only 45% expected better economic conditions in a year, and there was little optimism about their own prospects into 2018. US political turmoil, geopolitical risks, global economic and talent concerns topped the list of external risks, along with escalating worries about technology disruption and managing technological change.

Nevertheless, the Organization for Economic Co-operation and Development (OECD) projects continued growth of 3.7% in 2018, with industrial production and trade picking up, and further acceleration in the rebound of technology spending. As you might expect, there is likely to be a bias for greater growth in emerging economies, compared with the US and Europe, but – as a global industry that is at the forefront of technological change – specialty chemicals remains a good place to be.

We at Speciality Chemicals World wish you a happy, safe and successful new year.
Piramal scoops CPhI Award

Piramal Pharma Solutions (PPS) won the prestigious ‘Regulatory Procedures and Compliance’ award at this year’s CPhI Pharma Awards in Frankfurt, Germany.

The CPhI Pharma Awards are among the most coveted in the pharmaceutical industry, celebrating companies that drive the industry forward. With over 200 entries in 19 different categories, they serve as a great barometer for industry excellence.

Vivek Sharma, CEO of PPS, said “It is a pleasure to accept the award on behalf of all the dedicated employees at PPS that made this recognition possible. The award serves as a testament to our efforts that advance PPS from ‘Quality for Compliance’ to ‘Quality as a Culture’... It is great to be recognised by our fellow peers and customers on one of our core values.”

PPS is a leading global Contract Development and Manufacturing Organization (CDMO), with 12 locations in North America, Europe, and Asia, driving solutions from discovery through commercialization. With a track record that includes 34 launched products for customers, PPS is now a ‘partner of choice’ for leading pharmaceutical and biotech firms in North America and Europe.

Cambrex adds capacity at Charles City

Cambrex Corporation has completed an expansion to its large-scale production capacity at its Charles City, Iowa plant. The investment included the installation of 1,000- and 4,000-gallon glass lined reactors, in addition to ancillary equipment.

The new reactors have been installed in the 7,500 sq ft multi-purpose manufacturing facility, which opened in 2016. This brings the cGMP reactor capacity in this newest facility to 23,000 gallons, with the total capacity at the Charles City facility now approximately 107,000 gallons. The facility is located on a 45-acre site and manufactures a wide range of active pharmaceutical ingredients (APIs) and intermediates, including highly potent molecules and controlled substances.

The facility is one of only a limited number authorized by the US DEA to import narcotic raw materials on a commercial scale.

“Cambrex continues to experience strong demand for large scale small molecule API manufacturing” commented Shawn Cavanagh, COO of Cambrex. “Charles City is a key strategic site within our global manufacturing network and this additional capacity enables us to take on new customer projects, as well as offering the flexibility for projects to be transferred in from other Cambrex sites as needed.”

This latest expansion follows the announcement of the construction of a $24 million, 4,500 sq ft highly potent API (HPAPI) manufacturing facility at the Charles City facility, which is due to open in 2019.

Johnson Matthey collaborates to extend services

Johnson Matthey, a leading provider of custom pharmaceutical services, controlled substance, APIs and catalyst technologies, has announced two collaborative agreements with Snapdragon Chemistry and Intrexon Corporation to provide extended API development and manufacturing services.

The agreement with Snapdragon will create a fully integrated, continuous manufacturing service, from development to full-scale GMP manufacturing. The collaboration brings together Snapdragon Chemistry’s flow chemistry design, development and characterization capabilities with Johnson Matthey’s experience in clinical to commercial API development and manufacturing.

Johnson Matthey’s collaboration with Intrexon focuses on developing fermentation processes to produce peptide-based APIs. As part of the agreement, Intrexon will provide strain generation services, and Johnson Matthey will provide product scale-up and commercialization. The combined offering will result in the development of more efficient and effective processes for peptide-based drugs.

PCI invests in fully-contained Xcelodose 600S technology

PCI Pharma Services has announced further investment in fully-contained Xcelodose 600S technology at its centre of excellence for contained manufacturing in Tredegar, UK.

Manufacturing drug in capsule (DIC) significantly reduces both the time and financial investment at the early stage of the drug development process. Xcelodose technology delivers this DIC process, removing the need for initial formulation/analytical development and the associated stability testing, enabling faster times to first-in-man studies.

In 2010 PCI invested in Xcelodose 120S technology, a semi-automated system to provide early stage clinical supplies. The new investment in Xcelodose 600S technology provides exceptional accuracy and precision. This technology has the capability to fill amounts as low as 100µg at speeds of more than 600 capsules/hour. The technology is enhanced by a PCI-designed, custom-built Xceloprotect containment system – the high levels of containment provide Occupational Exposure Limits (OEL) as low as 0.1µg/m3 over an 8-hour time weighted average, meeting Safebridge 3 and 4 categorization.

David O’Connell, Director of Pharmaceutical Development at PCI, said “As molecules increase in potency, API is often very expensive and in short supply. By being able to fill drug directly into capsules and accelerate first-time-in-man studies, customers will be able to assess very quickly whether the project will progress to the next stage or ‘fail and fail’ fast – thereby minimizing costs, and enabling informed decisions to be made.”
From Lansdowne to OQEMA

On 1st January 2018, Lansdowne Chemicals will change its name to OQEMA. This follows the purchase of Lansdowne by Germany’s Overlack in October 2015, which consolidated Overlack’s position in the UK speciality chemicals sector.

The move forward from Lansdowne to OQEMA takes place as the company celebrates its 40th year. The company offers global chemical distribution, manufacturing and marketing services. Its separate business divisions allow the company to tailor products and services to support and service customers’ requirements. This structure also allows the company to focus its marketing campaigns more effectively to certain industries.

Lansdowne provides a broad range of products in areas including: animal nutrition; aromatics; base chemicals; personal care; and water Treatment. In addition to the distribution and marketing of products, Lansdowne also operates a chemical manufacturing division (manufacturing nitrate products) and a specialist hydrazine hydrate dilution facility.

“We are very excited by the opportunities that lie ahead of us!” said Heinrich Eickmann, CEO of Overlack. “The newly-named OQEMA will be a very powerful force in European chemical distribution and, as part of our development of the speciality Chemicals sector, we are confident that the new platform will bring growth and strength to the existing Lansdowne business.”

Over the past decade, Lansdowne has achieved strong growth as a result of the expansion of this business model. For example, earlier this year, the UK-based advanced materials company Versarient signed a distribution agreement with Lansdowne for its new graphene brand, Nanene. Versarient said the deal would help it market Nanene to new customers, as Lansdowne had distribution, manufacturing and marketing operations in Europe, Asia and the US.

Going forward, OQEMA will be expanding further into existing and new strategic territories.

Air Liquide strengthens ties with Sinopec

Air Liquide recently entered into a €40 million joint venture with Sinopec (China Petroleum & Chemical Corp) in Beijing, for the take-over and optimization of three existing air separation units (ASUs) and the building of a new nitrogen production unit. Now, Air Liquide has also commissioned a new state-of-the art ASU for the supply of oxygen and nitrogen to Sinopec in South China.

François Abrial, member of the Air Liquide Group’s Executive Committee supervising Asia Pacific, said “The continuous expansion of our partnership with Sinopec showcases their confidence in Air Liquide’s ability to provide state-of-the-art technologies and competitive solutions. We are proud to provide our expertise to Sinopec, in support of their expansion in China.”

Sinopec is one of the largest integrated energy and chemical companies in China. The new joint venture, Air Liquide-BYPC Gases, in Beijing will supply oxygen and nitrogen to Sinopec Beijing Yanshan with a total capacity of 340 tonnes of oxygen and 1,110 tonnes of nitrogen per day. In South China, in Mamoing City of Guangdong Province, the newly commissioned ASU supports the new ethylene oxide plant of Sinopec’s subsidiary, Mamoing Petrochemical, by supplying 850 tonnes of oxygen and 840 tonnes of nitrogen per day.
**BASF tops ‘Water A-List’**

As water becomes an increasingly scarce resource, the sustainable use of water and the conservation of natural water resources are key issues that affect us all. ‘Ensure access to water and sanitation for all’ is one of the Sustainable Development Goals adopted by the United Nations, and it is also one of BASF’s focus topics. BASF contributes to this goal through its water stewardship strategy to efficiently use water and to develop specific sustainable solutions for local situations. In addition, BASF provides solutions to customers that help purify water and use it more efficiently while minimizing pollution.

In recognition of its actions, BASF has been acknowledged as a global leader in sustainable water management. CDP (Carbon Disclosure Project), a highly recognised international non-profit organization, has awarded BASF with a top position on this year’s Water A-List.

CDP has been voted the number one climate change research provider by institutional investors. The organization works with investors representing assets of over US$100 trillion, as it is increasingly acknowledged that long-term investors are looking for companies to adjust business strategies in line with more sustainable practices.

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**WeylChem launches three new products**

WeylChem’s Consumer Care Business Unit launched three new products at Sepawa Congress in Berlin: two in homecare and one in personal care.

WeylClean FDO XP is a robust bleach catalyst for automatic dish wash applications. It combines two active ingredients in a specially designed granular form and leads to a superior cleaning performance and hygiene at low temperatures.

SKS6 WB has enhanced water softening performance and improved handling. It eliminates calcium and magnesium ions without forming precipitates, and it creates a stable alkaline environment in the formulation. Customers value the good processability for powder and tablet production.

The WeylCare PB range is a key multifunctional ingredient for parabene-free personal care applications. WeylCare HexaPB, OctaPB and PhenylPB are non-ionic preservative boosters showing synergistic effects in combination with many conventional preservative systems. On top, they act as mild moisturizing agents.

“We collaborate closely with our customers to support them in creating the world’s best consumer products,” said Konstanze Mayer, Head of Business Development at WeylChem Consumer Care. “In 2018 we will further expand our portfolio to include soil release polymers for solid and liquid laundry care applications delivering superior spotlessness and whiteness of fabrics for the end consumer.”

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**Evonik introduces “Your Beauty, Your Choice”**

Evonik Corporation’s Personal Care Business Line has introduced “your beauty, your choice”, a concept with innovative ‘booster’ formulas targeting the highly engaged DIY beauty enthusiasts.

Modern consumers are highly engaged and discerning, and there is a growing market for skincare products that allow them to customize their personal care. ‘Boosters’ are concentrates that allow consumers to enhance their routine by maximizing certain effects with just a few drops.

For example, Evonik’s Barrier Booster uses SKINMIMICS, a unique blend of ceramides and SPHINGOKINE NP that will keep you looking your best by maintaining a strong skin barrier and encouraging selfie-readiness. Brilliance Booster, based on TEGO Turmerone, a purified turmeric oil, provides radiance and soothing protection for nights out on the town. Balancing Booster contains phytosphingosine hydrochloride, which provides extra blemish protection for stressful days. Bounce-Back Booster uses TEGO Pep 4-17, a pivotal tetrapeptide that reduces the appearance of fine lines and wrinkles, as well as improving the appearance of skin firmness.

Recent years have seen a rise in consumer spending on premium products. This trend, coupled with an ever-increasing availability of information, has allowed the consumer to seek personalized beauty solutions. Brands that aim to respond to this trend could differentiate themselves by offering boosters that allow consumers to create personalized products at home.
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Excellence in Pharma at CPhI awards

The 2017 CPhI Worldwide event in Frankfurt gathered experts and thought leaders from the entire pharmaceutical supply chain. With more than 45,000 visitors, CPhI secured its position as the number one event for the pharma industry, and its Award ceremony remains a most prestigious – and coveted – recognition of excellence.

Switzerland
Category: Analysis, Testing and Quality Control: Won by 1CryoBio for FlexiQuot, a revolutionary patent-protected system for cryogenic storage of biological material
Category: Drug Delivery Devices: Won by Perlen for Perlamed-BLISTair, a single-use inhaler on a thermoformed blister basis, completely manufactured on one blister machine

The Netherlands
Category: OTC: Won by Pronova Laboratories for innovation in wart treatment

USA
Category: API Development: Won by Cambrex for its new, efficient synthesis of ospemifene
“This award is a great recognition of the experience and technical expertise of our team, not only in terms of innovation, but also in recognition of our ability to turn innovative ideas into a commercialized process”
Jonathan Knight, Vice President, New Product Development
Category: Bioprocessing: Won by Capsugel (a Lonza company) for the Modular Automated Sampling Technology (MAST) platform, which allows direct transfer of aseptically-collected bioreactor samples to analytical devices
Category: CEO of the Year: Won by Richard Chin, founder and CEO of KindredBio, a company that develops equine-specific products that address unmet medical needs
Category: Excipients: Won by Colorcon for Opadry
“A special thank you to the members of our Product Development team. Their hard work and dedication in developing Opadry brought a product to market that exceeds our customer expectations ahead of demand”
Category: Formulation: Won by Orbis Biosciences for its Optimum technology that delivers dispersed dosage forms with functional coatings in a single manufacturing step
Category: Regulatory Procedures and Compliance: Won by Piramal Pharma Solutions (PPS)
“The award serves as a testament to our efforts that advance PPS from ‘Quality for Compliance’ to ‘Quality as a Culture’” Vivek Sharma, CEO of PPS

France
Category: IT: Won by Biocorp for its range of connected devices. BIOCORP has demonstrated the excellence and the degree of technology thanks to its Inspair sensor (an intelligent sensor that transforms a conventional inhaler into a connected communicating device) and DataPen (a reusable and communicating pen-injector)

Germany
Category: Manufacturing Technology and Equipment: Won by MJR PharmJet for MicroJet Reactor technology, which provides a one-step combination of API and excipient in one single particle
Category: Packaging: Won by Aero Pump for SideActuationDevice, an innovative ophthalmic multi-dose system

India
Category: Export Promotion: Won by Rachana Overseas, a company with regional offices in New Delhi, Mumbai, Bangalore, Chennai and Kolkata

Italy
Category: Sustainability Initiative of the Year: Won by AptarGroup for landfill-free certification programme that encourages the reduction, reuse and recycling of waste by-products from the company’s manufacturing processes

Morocco
Category: Corporate Social Responsibility: Won by Pharmas for its Hepatitis Project in Morocco, which fights hepatitis B and C at an affordable price
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Marc van Gerwen
Global Business Director, Dow

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The typical lifecycle of a small molecule drug can span a period of 20 years first starting as a hypothesis in the laboratory at the lead discovery stage and being registered as a new chemical entity (NCE). The journey from lab to patient then involves several lengthy clinical trial stages, and if successful can then and only then enter the market as a commercial product. Despite this achievement, the molecule’s success is still not guaranteed and the product continues to be shaped by the industry head-winds such as market share, competition and patient access, all of which determine eventual demand. After this zenith, the drug then faces a slow demise from the market, fighting off new products launches with better drug profiles (safety, efficacy) as well as the introduction of inevitable generic competition following the expiry of market exclusivity and patent protection. All of these twists and turns present a set of different requirements for anyone involved in the API material supply for each stage of the lifecycle.

When manufacturing a drug throughout its lifecycle from early clinical phases to late-stage development and commercialization, scaling up the chemical process to support increased API volume demand can present large and sometimes unexpected challenges. The manufacturing process that had been developed to synthesize the molecule in the early clinical phases may prove to be economically unviable or environmentally unsustainable as the project migrates from small scale production in the laboratory and kilo scale to larger scale in pilot and commercial production.

During early clinical stages, the timely production of GMP material is of critical importance, and the innovator company may not have the luxury of time or resources to optimize the synthetic route. The medicinal chemistry route is rarely appropriate for large-scale manufacturing and, as API volumes increase, there may be a need to circumvent challenging chemical steps typically involving hazardous chemistries, chromatography, chiral resolutions, or multiple functional group protection and de-protection steps.

Scale-up and route optimization are key criteria, and a contract manufacturing organization (CMO) may be able to provide expertise that is sometimes unavailable in-house. It can not only complement big pharma’s established process development teams, but can also offer the ability to develop an appropriately scaled-up chemical process for customers who may lack this expertise, in particular, smaller biotech companies with little in-house capability.

A technical evaluation will be necessary to ensure that any new process development will be non-patent infringing, while cost simulations for both the existing manufacturing process and new processes must be carried out to assess the potential benefits of changing the chemistry in terms of cost, speed, yield and purity. Needless to say, the CMO will need to demonstrate a compelling rationale for the customer to consider a change to the chemical process.

Physical characteristics of the end product may also necessitate the need for a new chemical process, for example, if the end product carries a high electrostatic charge which ultimately results in handling difficulties, if particle size or polymorph needs to be controlled in the end product then the choice of the final recrystallization solvent, temperature and mechanical manipulation can be important.

Recent Cambrex investments and expansions

**July 2016**
Completion of $50 Million Large Scale API manufacturing plant at Charles City, Iowa

**September 2016**
Acquisition of PharmaCore Inc, North Carolina

**October 2016**
New pilot plant opens in Milan, Italy

**May 2017**
Expansion of pilot plant at High Point, North Carolina

**August 2017**
Beginning of $24 million project to build new highly potent API manufacturing facility at Charles City, Iowa

**August 2017**
New analytical laboratory at High Point, North Carolina

**September 2017**
Completion of large scale API manufacturing facility at Karlskoga, Sweden

**October 2017**
Expansion of generic API manufacturing capabilities at Milan, Italy

**October 2017**
Further expansion of large scale manufacturing capacity at Charles City, Iowa

With any process that needs to be scaled-up, the environmental impact must also be taken into consideration. Whilst minimal when the reaction is performed at lab-scale, when the volumes of the reagents increase, the energy costs and waste costs become significant factors in the chemical synthesis. Additionally, with the use of chlorinated solvents becoming increasingly restricted, the careful consideration of alternative solvents is highly desirable.

The success of a partnership between the pharmaceutical company and the CMO will depend on a range of factors. Perhaps the most important of these is the CMO’s ability to offer dedicated support throughout the entire project lifecycle, minimizing the risk of delays to the development process. As well as extensive expertise in process chemistry and engineering, the CMO should have a reputation for quality and reliability in its manufacturing operations and a robust safety record, combined with flexibility, allowing it to adapt quickly and accordingly as the molecule moves through the development pipeline.

Contact:
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Custom and toll manufacturing

Nation Ford Chemical explains the types of companies that may benefit from toll manufacturing and the important things to consider when establishing a tolling partnership

Have you ever wondered how you are going to schedule time in existing equipment to manufacture a new product? Or, where are you going to add new equipment to keep up with growing sales, or even how are you going to come up with the funds to install new equipment?

This is where contract and toll manufacturers come into play. They add capacity to companies of all types and sizes, from start-up companies bringing a new product to market to Fortune 500 companies with existing plant capacity fully utilized.

What type of companies benefit from toll manufacturing?
The size of the company does not determine whether toll manufacturing is beneficial. Tollers like Nation Ford Chemical (NFC), located in Fort Mill, SC, USA, have worked with companies of all different sizes. Tollers have products that run 24/7 in dedicated equipment, as well as those that run on a campaign basis to meet sales requirements.

NFC has been making products for ColorChem International, a dye manufacturer for the plastics industry, for more than 20 years.

"NFC has always been a reliable partner to work with in production of our coloured dyes," said Tom Shakely, ColorChem. "They are able to meet all of our production demands and work closely with us to ensure we are always staying up to date on new and changing regulatory requirements. Toll manufacturing with NFC allows us the ability to manufacture a product domestically without having to invest in equipment at our facilities."

NFC also has relationships with several of the largest chemical companies in the world.

What are some of the most important things to consider when establishing a tolling partnership?

Every toll manufacturing company has different expertise including speed to production, on-site analytical capabilities, previous chemistry and equipment experience and engineering competence. Since every company and process have different requirements, it is important to find a tolling partner that can meet the majority, if not all of the needs. It is also important to ensure that the values of both companies align to allow for a successful long-term relationship.

What is the difference between custom and toll manufacturing?

While in both cases a third party is used to manufacture a product, the responsibilities for each party differs between toll manufacturing and custom manufacturing. In a typical toll manufacturing agreement, the company outsourcing the production will provide all raw materials to the third-party manufacturing company. Under a custom manufacturing agreement, the third party will typically perform all tasks required to manufacture the desired product, including purchase of raw materials.

How involved is the outsourcing company in the manufacturing process?

Involvement level is completely up to the outsourcing company. Tollers have some customers that have a dedicated office on site and keep it staffed with their own employees. Other companies simply provide a schedule of when they need product delivered with no interaction during production.

What type of capabilities does Nation Ford Chemical offer?

Throughout the company’s history NFC has performed a wide-range of chemistry, ranging from sulfonation to hydrogenation to polymerization, and dozens more. NFC has the ability to handle flammable solvents and corrosive liquids. NFC can handle high-temperature and deep vacuum processes using reactors from a variety of materials of construction. For products that need solids handling, NFC has many types of filters, dryers, flakers, grinders and blenders.

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www.nationfordchem.com

Founded in 1977, Nation Ford Chemical is one of America’s most respected custom manufacturers of specialty organic chemicals. NFC’s products, including sulfanilic acid (CAS#121-57-3) and PANA (N-Phenyl-1-naphthylamine, CAS#90-30-2), are sold worldwide through offices in the United States, Europe, China, and Japan. NFC has a diverse background in toll manufacturing custom chemicals with production at our 27-acre site in Fort Mill, South Carolina, USA.
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Blending solutions
An interview with Russel Argo, President, and Richard Ward, COO, of Brenntag UK & Ireland, about Brenntag Blending Solutions’ new facility in Lutterworth, UK.

How have you gone about the whole project of building this facility?
Richard Ward: The great thing is that we’ve actually designed and built it from scratch – it’s not a modification of an existing plant. It’s been designed from the ground up to do exactly what we want it to do. And that design essentially came from the research that we carried out in the market, asking our customers — but also our suppliers — what they expected from us and what they would like us to provide them with in terms and offering. Using that feedback enabled us to design the highest quality, state of the art facility which we think would give us strong growth from now right through to the future.

Which new capabilities does the new blending facility bring?
Russel Argo: The new blending tanks that we’ve put in place are larger than some of the others that we have operated before – that gives us better batch control and batch quality control, in particular to give a much finer and finished product for the customers. It also allows us to make blends that we weren’t able to make before in other locations and so we’re adding new products onto our portfolio. We also have flexibility to move from manufacturing customers’ own formulations to also offering our own off-the-shelf formulations in certain industry sectors.

How are you going to maintain quality with this big operation?
Russel Argo: The industries that we supply demand a high quality of products and of operation. We have invested in additional laboratory and quality control equipment in the site as well, to back up the investment in the manufacturing plant. The feedback we’ve had from our customers so far is that we’ve made the right level of technical investment which will enable them to buy from us in confidence.

Richard Ward: Each of our blending facilities often has a particular specialization, so when we are making more complex, multicomponent blends for customers, we can make several of the different blends in different locations, then bring them together in one central location which could be much closer to where the customer is. We use the benefit of Brenntag scale in terms of raw material purchases, also in terms of asset and infrastructure investment, to bring things together in one location to offer that product to the customer and that has proved to be very successful so far.

How important is that flexibility?
Russel Argo: We think that is one of the key things that differentiates Brenntag from the competition in the market - the absolute added value we can bring so attention to detail and an understanding that a customer needs to be looked after on a local basis through our local network as well as having access to all of the strengths and benefits that being part of a global organization brings, so that combination of offering and skills is probably one of the key things to success.

Richard Ward: We like to be able to position ourselves at any point in the supply chain to the customer. We really want to view this as a partnership with the customer and potentially a partnership between a customer and a supplier, as well where we can add value in the middle. That’s what chemical distribution is about, it’s about selling ourselves to our customers but also selling ourselves to our suppliers. We can be that vital link in the supply chain that delivers value.
Marketing for Lasting Business Success

For many fine and speciality chemical companies, their priorities lie in quality of research, manufacturing and product, as well as efficient and profitable business operations. Marketing and brand management are often not at the top of the list, but Lucy Stone, MChem Chemistry and Senior Account Manager at Notch Communications, explains the enormous value that strategic marketing can bring to such companies.

Why is marketing important?

Businesses are like reactants in a solution: occasionally they get the activation energy they need to make things happen, such as completing major business deals. However, reactants and businesses can both reach their full potential more quickly and more efficiently by using a catalyst. In terms of business, this catalyst is marketing. Without marketing, generating revenue is harder, takes more work and means you expend more time to complete your goals.

Strategic marketing helps you to identify your unique, differentiated position versus your competitors, as well as communicating those unique selling points to your audiences. This allows your customers and prospects to better understand why they need to work with you. Beyond this, strategic marketing helps you to target the right message to the right audience. Prospective customers will almost certainly have a perception of your company, be it positive, neutral or negative. A key role of marketing therefore is to manage these perceptions to create only positive reactions.

How do you stand out when everyone is saying the same thing?

The problem that many businesses face, especially in this industry, is that they are all using the same marketing catalyst with the same activation energy and this won’t get you noticed.

This is where customer segmentation comes in. Don’t just think about the decision maker, but also about who will help to influence their decision. Draw up personas for each of these individuals. Write a messaging matrix containing brand promises that will immediately resonate with each of them. Then apply these messages consistently in every piece of sales or marketing communication, without exception.

In this industry it is rightly ingrained in the culture that companies abide by the rules, especially in terms of regulatory and quality issues, so there is a mindset that things must always be done in this way. However, the best marketers take the opposite approach; they think outside the box and bend the rules to make you stand out in an industry where everyone is doing the same thing. This is known as creative disruption and is a way of cutting through the mediocrity. When executed successfully, you will have created a positive brand perception in the minds of decision makers and influencers alike.

Finally, remember that while marketing may consume a lot of energy in the short term, it will ultimately catalyse into long lasting business success.

Our mission at Notch is to offer a unique approach to science and technology marketing by revealing the creativity in science.

“Our mission at Notch is to offer a unique approach to science and technology marketing by revealing the creativity in science.”

Get in touch: lucy.stone@notchcommunications.co.uk
Worker wellbeing

Mike Blake, Director at Willis Towers Watson, a global company that designs and delivers solutions that manage risk and optimize benefits, explores how key decision makers in the speciality chemicals sector can help cultivate a culture of health and wellbeing in their workplaces.

The chemicals sector has one of the highest rates of occupational diseases. As a high-risk industry, it is only natural for companies to focus on improving health and safety in the workplace, and health surveillance of the workforce.

However, while health and safety should be a priority, it is important that companies are aware of how health and safety fits into the wider wellness conversation. By taking a proactive, comprehensive and holistic approach to health and wellbeing, you can not only help strengthen the wellbeing of your workforce by identifying and anticipating trends, but also ease the financial implications of stress-related absences, and cement your company’s position as an attractive choice within a highly-specialized industry.

Let’s start at the beginning

Interest in health and productivity is nearly universal. In Willis Towers Watson’s 2015/2016 Global Staying@Work Survey, nearly 90% of respondents said that improving workforce health and productivity is a core component of their organization’s overall health strategy. They believe these programmes reduce employees’ health risks, and improve their overall health and well-being, which lead to better business outcomes.

Despite good intentions, 56% of employers have no health and productivity strategy, and instead simply offer various health and wellbeing programmes. Employers who understand their own employee population health risks are likely to have greater success forging a holistic strategy than employers that take a scattershot approach by offering individual, disconnected programmes.

A spotlight on mental health

Considering the nature of the speciality chemicals industry, it is understandable that physical health and safety takes precedence. But the impact of stress and poor mental health on an organization should not be underestimated.

Prevention, of course, is better than cure, and if workplace environmental triggers are identified, appropriate adjustments can be made, from addressing workload and resourcing issues to modifying working hours. Health benefits can also help support affected employees with access to early medical intervention.

EAPs (employee assistance programmes), for example, have a focus on tackling mental health, and CBT (cognitive behavioural therapy) can facilitate returns to the work with referrals offered to staff, not only through private medical insurance or EAPs, but also through schemes such as income protection.

Confronting physical risk factors

Benefits and wellbeing schemes should be targeted towards areas of greatest need. In an industry where occupational diseases are a top priority, necessary resources should be allocated to this area, with an emphasis on risk assessment, early intervention, employee assistance, and effective sickness absence case management.

Many staff may see employer intervention, particularly when it comes to influencing lifestyle-related decisions, as an unnecessary incursion into their private lives, so a careful approach is important. Workshops are an ideal way of educating the workforce, without fear of being singled out. These can be conducted by external health professionals, who can offer valuable expert advice.

Regular health checks, through biometric testing. Health Risk Assessments and coaching, can also facilitate employees taking ownership of their own health and wellbeing, with the support of their employer.

Whatever action is taken, the approach should be a multi-faceted one that combines education with analysis and support.

Navigating the risks of relapse

According to Willis Towers Watson’s Health and Wellbeing Barometer 2017, more than half (51%) of workers claim their workplaces are affected by a culture of negative judgement around sickness absence. Furthermore, 54% believe they are put under pressure to return to work before they have fully recovered from illness or injury.

Advice should be sought, as required, from medical experts to help make informed decisions. If the services of an external consultant are used, a case manager might be employed to ensure the return to work plan runs smoothly and, if necessary, to help mediation between the employer and employee.

Regular contact during absence and a return to work interview will give employers an opportunity to discuss how the employee can be best integrated back into the workplace.

Glance at the future

It is clear the challenges posed by socio-demographic and occupational health risks to businesses are considerable. An effective health and productivity strategy, with a strategic focus and employer commitment, can help mediate these risks and deliver tangible payoffs that will set organizations apart from competitors.

It is important to remember that a health and productivity strategy should be ever-evolving, rather than static, to ensure programmes remain relevant and meet the needs of an ever-changing workforce.

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Partnerships for a better world

An interview with Andrew Badrot, Founder and CEO of C2 PHARMA about the company’s Partnerships for a Better World programme, and how the company is harvesting botanical extracts in Brazil in a sustainable way.

C2 PHARMA, formerly Centroflora CMS, is the key sponsor of the ‘Partnerships for a Better World’, a programme designed to positively impact all aspects of the supply chain pertaining to the harvest of native plants from the Amazon and other Brazilian biomes. It is a demonstration that economics and environmental stewardship can go hand-in-hand when all parties are willing to contribute.

C2 PHARMA obtains many natural ingredients and active pharmaceutical ingredients (APIs) from the Brazilian flora – a fragile ecosystem that, like any other, requires careful management. In previous decades, companies exploited it, killing many of the native plants from which these APIs are obtained. We spoke to Andrew Badrot, Founder and CEO at C2 PHARMA about the project, and how the company has started to harvest phyto-APIs in Brazil in a sustainable way, bringing life back to a region that had been suffering from industrial exploitation.

What sort of plants are used as a source for your ingredients?

Andrew: The programme currently offers a certified supply chain for Jaborandi (pilocarpine), Passiflora incarnata, Fava D’anta (quercetin), Guarana and Mate-Herb.

In the case of pilocarpine (used in the treatment of glaucoma and dry mouth disease), the source is the Jaborandi plant, native to Brazil. This plant is difficult to cultivate and, to obtain high content of active Ingredients, it must be harvested in the wild. We created a specific sub-programme called ‘The Jaborandi Valorization Programme’, which pioneered the wild harvesting of Jaborandi, and is now being extended to other species.

What was the problem with the way these plants were harvested in the past?

Andrew: In the past, illegal shrubs picking of Jaborandi was widespread. Pickers shortened the branches of the Jaborandi tree to the point where the species was threatened with extinction. Dealers exploited the pickers by paying little; the small payments covered only the pickers’ needs for food during the harvest season, but not beyond.

How have you addressed this problem?

Andrew: The Partnerships for a Better World programme focused on removing the dealers and established a direct connection with the pickers. This led to a 5–10 fold increase in pickers’ compensation. The programme also trained pickers to harvest sustainably, following Good Harvesting Practices.

Forest management techniques and research on Jaborandi led to the establishment of harvest guidelines:

- Branch tops should only be harvested after the first fruit has ripened and only from a height above 50 cm
- Pickers should use cutters, provided for free by the programme, to ensure propagation from seeds, preservation of the shrub, regeneration and future harvests
- Pickers also replant with seedlings.

The Programme was recognised by the Brazilian government, and various international organizations, for its positive impact on the conservation of biodiversity and income generation in poor communities.

What sort of impact has this had on the price and quality of the products your company distributes?

Andrew: The programme brings benefits to all stake holders. For pharmaceutical customers, the main benefit is access to raw materials with better quality and full traceability, while supporting indirectly socio-environmental developments and biodiversity preservation in Brazil. By following Good Harvesting Practices, the content of phytochemical markers in the leaves has improved significantly. Any cost impact is compensated by better quality raw materials.

How does it affect your supply chain?

Andrew: Through the financial support and the purchase agreements, C2 PHARMA has reached a certain level of guarantee of supply, which allows us to plan and meet our customers’ demands. This is a game changer when it comes to a phytochemical API, where a lot of factors may influence harvest outcome.

How can this type of stewardship be extended to other parts of the world?

Andrew: Many pharmaceutical companies realise the benefits of accessing raw materials in a sustainable and fully traceable supply chain, free from toxic residues, pesticides and genetic manipulation. As demands constantly increase, we are working to integrate new species and new rural partners to the programme.

Over the next few years, we seek to expand the scope by:

- Covering new plant species
- Attracting new customers to support socio-environmental projects aimed at community development and biodiversity conservation
- Expanding the number of pickers involved in the programme inside, and possibly outside, Brazil.

Interview with:

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REAcH – Preparing for May 31, 2018

After which… No registration = No sales in Europe!

Jim DeLisi, Chief at Fanwood Chemical, warns colleagues to pay heed to the forthcoming REACh deadline.

As the May 2018 deadline nears for the European Union’s Registration, Evaluation, Authorization and Restriction of Chemicals (REACh) programme, we hope SOCMA members recognise that all chemicals, both substances as well as intermediates imported or produced in Europe (including Norway, Iceland and Liechtenstein) in quantities in excess of 1 metric ton per year (MT/year), must be fully registered. SOCMA member companies also must register additives and/or solvents shipped into the EU in the normal course of their business if such quantities exceed the required limit. We have seen several instances where such additives and solvents trigger the need to file a REACh dossier.

While Brexit is real, it cannot happen before 31st May 2018. Therefore, the United Kingdom (UK) Chemicals Industry is still required to comply with REACh in 2018, and likely into 2019, under existing rules and regulations. It is highly likely that post-Brexit, the UK will become a REACh partner country like Norway. This makes perfect sense because the money will be spent, and the EU will remain the dominant market for UK chemistries.

It is important to understand REACh also covers “articles designed to release a substance.” In the simplest example, a pen is an article that releases a substance: ink. Any components in the ink that exceed 1 MT/year must be fully registered by the deadline.

Similarly, polymers cannot be registered, but the individual monomers and additives must be registered as substances (not intermediates) under this same timeline.

As of 31st May 2018, all pre-registrations will expire. The expiration deadline is important because EU-compliant material safety data sheets (MSDS) must include a pre-registration or registration number. Therefore, if a product is not registered as of 1st June 2018, and is located any place except a consumer’s factory, it may be locked in place because it cannot be shipped or delivered without a fully EU-compliant MSDS.

There is also existing controversy about what happens with shipments made after January 1, 2018. The two theories are:

- Since all quantities under REACh are calculated on a calendar year, if you import (or produce in Europe) more than 1 MT after 1st January 2018, you will be obligated to fully register that substance by 31st May 2018
- If you do not intend to register, as long as you do not import (or produce in Europe) an unregistered material after 31st May 2018, you are not obligated to register.

To ensure materials that are properly pre-registered, but are not intended to be registered, are legally deliverable to a customer, it likely makes sense to ensure all quantities are imported into the EU (or produced in Europe) prior to 31st December 2017, and then delivered to a consumer prior to 31st May 2018.

Since REACh enforcement is the responsibility of the individual EU Member States, decisions on how these issues are handled could potentially vary from State to State!

What does all of this mean? SOCMA member companies should ensure that:

- Everything supplied to Europe in quantities exceeding 1 MT/year is properly registered under REACh by 31st May 2018
- Your EU customer can continue to source any other component required to consume your material.

Lastly, SOCMA member companies purchasing chemicals sourced in the EU should ensure the EU manufacturer intends to register such substances. Unlike the US Toxic Substances Control Act (TSCA) and most other international chemical regulations, REACh does not have an export exemption. Additionally, intermediates specifically used in the production of pharmaceuticals must also be registered under REACh, as there is no exemption for such substances.

For those just realising your company has a need for REACh registration, you should begin the process immediately. Thankfully, if you are not an “EU person,” you cannot be in violation of REACh. However, the EU person importing your products could be in significant trouble, and you will likely lose your EU business if you do not support the need for REACh compliance. In addition, if you have made any representations about REACh compliance to such importers or customers, while the EU cannot prosecute a “non-EU person,” your customers can. This will happen if your lack of action places their business interests in jeopardy.

Please contact us if we can help you sort through this very intricate regulation.

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Mergers and acquisitions in speciality chemicals

An interview with Matt Dixon, Managing Director – Global Chemicals Lead, at Corbett Keeling, a London-based member of Globalscope, the international mergers and acquisitions (M&A) network.

It is a well-recognised mega-trend that modest global growth in the speciality chemicals industry has driven many of the M&As seen in recent years. When organic growth slows, pressure from shareholders drives many companies to adopt a ‘buy and build’ approach to growth.

However, Mr Dixon says that for many of his clients in speciality chemicals, such mega-trends are frequently not so important. While there are obviously a great many factors involved in individual cases, he identified two main trends driving M&A in speciality chemicals at the moment: expanding services and expanding market access.

Expanding services

“Many of our clients have niche positions, so they each have a different set of issues to deal with,” he says. “Of course, a primary concern is always that someone else will replace your niche product, but on the other hand you are likely to represent an ideal ‘buy and bolt-on’ option for another company, and that’s a trend we won’t see going away soon.”

In fact, Mr Dixon suggests that this is a key factor driving many M&As right now. A gap in a company’s offering may be most easily filled, or an offering may be most easily expanded, by simply acquiring another company.

For example, the relatively recent Dow Corning merger successfully expanded Dow’s formulation offerings in the pharmaceutical sector, and numerous pharmaceutical companies are snapping up biopharmaceuticals and other small R&D entities in an effort to regain the upper hand in the innovation race.

It is also seen in the contract services sector, as CMOs increasingly work towards integrated offerings, buying up smaller entities to plug gaps in their service offerings. Examples include AMRI’s acquisition of Gadea, which expanded their offering in technically complex APIs, or Bushu Pharmaceuticals’ acquisition of Spera Pharma, which expanded their offering into R&D.

Expanding market access

“It’s also a matter of market access,” Mr Dixon explains. “Obviously, buying a company in a different geographic region enables the buyer to extend their reach.”

In particular, according to Mr Dixon’s experience, US companies are continuing to try to establish bases in Europe, and vice versa. “US customers like buying from locally-based US entities,” Mr Dixon points out, “And the same is true in Europe too – it’s just human nature.”

We asked Mr Dixon whether there is also a trend for companies in China and India to buy into the US and Europe. In his opinion, while there is a lot of interest from companies in China and India looking to acquire sites in the West on an opportunistic basis, at the moment completed examples are relatively rare.

Looking to the future

Mr Dixon sees no reason why these drivers for global M&A would change over the next few years, bar some macro-event like a global recession.

Asked whether Brexit might be such an event, Mr Dixon was dismissive, saying “Brexit isn’t macro enough!”

In his view the speciality chemical industry is a global marketplace. National events like Brexit are simply more likely to divert supply chains away from the UK if the UK becomes less competitive outside the EU – if anything, a potential driver of more M&A activity.

Maximizing value

With regard to lower-mid market private company M&As, the greatest challenge is ensuring founders – often entrepreneurs in niche markets – realise the true value of their assets.

“One of the things that frustrates me is that many companies are approached by one buyer, and then sell to that buyer without taking a step back to properly prepare and consider the broader market,” he says. “It’s frustrating because they are often throwing away value. When I’m preparing a business for sale, I always start with an overall assessment of who all the best buyers might be (in my experience these are often unknown to the seller at the beginning of the process), the strengths and weaknesses of the business both internally and in its market position, what could be improved, and – most crucially – how to position the business to persuade buyers to pay maximum value.”

Mr Dixon’s mission is making sure that companies professionalize themselves – removing their opacity, identifying their potential, and maximizing their value in an M&A situation. “Chemicals is a rapidly growing part of our business as all these factors often apply meaning my team and I can really add value,” he says.

With no end in sight for the trend for M&As satisfying the industry’s requirements for extended service offerings and market access, this looks likely to continue.

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