

"Life Technologies looks forward to consolidation"

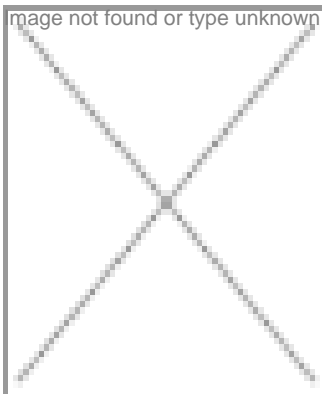
09 December 2010 | News

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—Mark Smedley, head-Asia Pacific, Life Technologies, US

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Indian talent is all over the world but India needs to do much to attract them back. The talent pool

US-based Life Technologies is in a definitive agreement to acquire certain assets of Gurgaon-based LabIndia, a long-time distributor of its products on November 1, 2010. The transaction will enable the company to offer a more complete and complementary line of products directly to its customers. The acquisition is expected to close during the last quarter of 2010. However, Life Technologies does not expect this transaction to have material impact on its finances in fiscal

Life Technologies provides customers with several cutting-edge instruments and reagents used in biological research, primarily under the Applied Biosystems and Invitrogen brand names. Since 1994, LabIndia has been a distributor of the company's Applied Biosystems products,

including the SOLiDTM Sequencing system and Ambion RNA reagents. This transaction creates a full-service business; allowing the company to provide its Applied Biosystems products directly to customers along its Invitrogen portfolio, which includes GIBCO cell culture products, Lipofectamine transfection reagents, and a variety of benchtop instruments.

In an exclusive interview with BioSpectrum, Mark Smedley, head (Asia Pacific), Life Technologies, shares insights on various aspects of the business scenario, acquisition of LabIndia assets and the overall biotechnology scenario in the country.

Q What is the primary purpose in acquiring LabIndia?

Our primary goal in acquiring LabIndia is to meet the increased demand from our customers, and to develop a more direct connection with them; serve their needs better with superior products, services and customer support. LabIndia has been a strong partner and a great steward of Applied Biosystems brand for the past 20 years. Also, the research platforms here, offer opportunities not only for instruments but also for consumables.

So long, we have been functioning as two separate organizations in India with LabIndia as our trusted partner. This acquisition has given us the chance to offer a single conversation with customers. Our purpose has been to move from just selling instruments to offering solutions. In the last two-and-half-years, to build Life Technologies, we have been synergizing a lot of things between Invitrogen and Applied Biosciences, to integrate these two organizations with a focus on building a strong base for Life Technologies. Our partnership with LabIndia has been a remarkable one; but now the focus is on establishing ourselves not only as a selling and marketing organization, but consolidation of the supply chain and manufacturing business as well in India. Even though Invitrogen already has a base in India; and though we had a partnership with LabIndia, we could not move from offering components toward solutions, without having our own base. So acquisition gives us that opportunity to establish ourselves even more strongly in India, which would ultimately benefit Indian researchers.

Q How will this acquisition leverage your business in India?

With this acquisition, nearly 100 professionals from LabIndia will join Life Technologies, creating a 200-person strong organization with operations throughout India. We will be retaining all these employees under a long standing agreement with LabIndia. We plan to add another new batch of 40 employees in the future; and India will be a service base for other purposes as well.

We will integrate various teams and increase their interaction and sharing of intelligence. The sales team can share the intelligence with the reagent team. The primary focus will be on the sales of our own reagents to our instruments, secondary will be offering reagents to other instruments as well.

Under the new organization, customers will have better access to a robust line of products that will provide end-to-end solutions in areas such as research, diagnostics and forensics, as well as greater sales, customer and technical service support.

Q What has been your revenue from India, and what are your future expectations?

A significant amount of our investment is spent for training and providing facilities and best infrastructure for our employees.

Also, Asia excluding Japan, contributes about 10 percent of our revenue. It is the highest growth region, with India and China moving on the growth path. Our revenue was less than five percent about two-three years ago, but over these years, we have registered tremendous growth.

In Asia Pacific, India, China, South Korea and Australia are the major ones, but of these India has the fastest growth. We have used the market growth, which is nearly 20 percent; and to grow above that, is our major aim.

Q What potential does the Indian market hold for you?

The Indian market holds enormous potential. There are a lot of significant growth areas. India is critical for us. Not just as a service partner but also core organic Indian market is one of the major drivers for future growth. China and India have the highest growth potential.

The research in molecular medicine is one of the core areas that we are looking at, as a potential area. Our good position in generics, sequencing and quantitative real-time polymerase chain reaction (Q-PCR) is in tune with the demands that arise in personalized medicine research areas. Besides that, there is a lot of outsourcing from the US to India. The US and European customers are outsourcing work to India; and therefore, we need to support contract research organizations (CROs) in India. The entire bio-production market in India offers good opportunities, with immense focus on quality.

Q How do you compare Indian and Chinese markets?

China and India need different strategies, but we have the same expectations from both markets. Both the governments are keen on funding research. Therefore, we see both markets as emerging ones, with tremendous opportunities for growth.

On the competition from Chinese products in the market, we find them quite low-end. The quality of the product matters a lot, especially in research of diseases; and so our quality products are far ahead in the race; and match the expectations of the

researchers.

Q What is your next area of attention including a new product line?

From a footprint perspective, we will pick up five new satellite offices, and relatively grow along those regions as well. The next 18 months will be spent mostly in synergizing the activities of the two organizations — Invitrogen and Applied Biosystem — into one strong business, focusing on providing end-to-end solutions.

We are approaching the Indian government for providing services in testing food and environment. Besides that, molecular biology diagnostics, infectious diseases, oncology will also be areas where we would like to cooperate with the Indian government, in providing our best possible services.

We will also focus on developing region-specific facilities in the immediate future. We will be concentrating on the next generation sequencing capabilities, digital RT PCR, and continue to innovate in other areas as well. This year, a new flow cytometer was launched.

Q What is your take on the prevailing biotechnology scenario in India?

Some things that drive growth in India are research areas. Some of the emerging trends like gene therapy, stem cells, pharmacogenomics, personalized medicine, are also actively considered by the research community in India.

The interesting research in synthetic biology, recombinant DNA, sequencing will drive the Indian and overseas market. Instruments and PCR markets will continue to grow. Bio-production and molecular biology will similarly keep offering new opportunities. The stem cell therapies breakthrough would be a priority. Bringing down the cost will boost the vast healthcare industry in India.

Q What is your opinion on the availability of talent pool in India?

India has abundance of talent and this has to be utilized optimally. Life Technologies has been using this talent to a great extent. In the broader sense, at Life Tech we have so many leaders who are Indians. The leaders in Cell Analysis business, Molecular Biology business, R&D are all Indians. Indian talent is all over the world but India needs to do much to attract them back. The talent pool here needs global exposure.

Rahul Koul in New Delhi