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Sigma Aldrich all set for emerging markets

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Sigma-Aldrich, a leading life sciences and high technology company headquartered in the US, recently opened new facilities in Wuxi, China, and Bangalore, India. The move is in keeping with the company's increasing focus on high-growth emerging markets of the Asia Pacific region.
The launch of new facility in India marks the completion of the company's 20 years in the country. The company total strength in the country is 250, including 45 scientists, and provides a range of products for molecular biology, protein expression and Proterozoic, cell biology, functional genomics and transgenic, in the life sciences area. It also has close to 100 distributors.

Sigma-Aldrich's facility at Wuxi will provide localized packaging, analytical services and quality control for high quality products to support its research and industrial customers in the region. The facility sits on approximately 20 acres of land and includes a dedicated quality control center, a state-of-the-art analytical application laboratory and packaging building. The Wuxi campus provides a platform for future expansion of products and services in the region.

In an interaction with *BioSpectrum*, Mr Rakesh Sachdev, president and CEO, Sigma-Aldrich, US, shares some thoughts on market opportunities and growth in the Asia Pacific region.

How do you see the growth of Sigma-Aldrich in Asia Pacific?

Mr Sachdev: India and China have been a growth region for us for some time now. Probably, it has even accelerated in the last two years. For the last three to four years, we have been growing at low double digit rates in the whole Asia Pacific and Latin America.

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We are looking at healthy growth in emerging markets such as India, China and Brazil, with organic growth rate of over 20 percent against the growth of 10 percent being witnessed in the western markets, such as the US, and Europe.

What drives Sigma-Aldrich to look towards Asia region?

Mr Sachdev: The US and European markets have been very important for us. We have about 80 percent of the business from these two regions. We are still driving growth in these markets. We are also launching new products and platform technologies to increase our market share. In the last couple of years, we witnessed a low single digit organic growth in these two regions in the research space, while the fine chemicals space witnessed better growth.

Though the emerging markets contribute about 20 percent of our business, it has increased three times over the last couple of years. In the research space in emerging markets, we have grown at a low double digit rate. Also, our fine chemicals business witnessed a growth of close to 10 percent in the last couple of years.

What are the challenges before the company in the emerging markets?

Mr Sachdev: We see a lot of opportunities in the region, instead of challenges. We are increasing our localization by investments in India and China, getting closer to our customers, improving our service levels and launching more local products.

Besides, we have a clear business model of working closely and directly with the customers. However, we do recognize that there are certain segments of customers to whom we reach out through distributors. We have both direct and partnership approaches through dealers and distributors, so as to expand our reach in large geographies such as India.

How much do you plan to invest in the emerging markets of Asia Pacific?

Mr Sachdev: We are committed to increase our investments in the emerging high growth markets over the more developed markets. Looking at the growth in the region, we have invested $73 million in the emerging markets, such as India, China and Taiwan, last year. As long as we continue to find opportunities in the markets, we will continue to invest in the region. We generate over $400 million every year in cash. In addition to returning some of this cash as dividends to the share holders, we have the ability to invest more significantly where there are opportunities.

Considering the facilities that we will have in China, Taiwan and India, we are looking at investing about $60 million in these markets. In case of India and China, the investments are largely for the local markets. As far as Taiwan is concerned, we will ship products from there to different parts of Asia and even outside.

Where do you see growth opportunities for Sigma-Aldrich in the life sciences market?

Mr Sachdev: In life sciences, we see opportunities in both products and services. Let's first talk about services. Recently, we acquired BioReliance, a leading provider of global biopharmaceutical testing services, on the basis that life sciences and biopharma will continue to grow in the coming years. On the product side, we have been making a lot of investments in biomolecules and antibodies. We are offering over 50,000 antibodies. We are also licensing platform technologies and have have exclusive worldwide rights for them to be used for research purposes to create cell lines and animal models. We are also licensing other technologies, such as iPS technology from Kyoto University for stem cell research.