

Formulating Innovative Concepts

The Value of an Extensive Application Lab Network

With more than 70 application labs across the world, Azelis works with both suppliers and customers to develop innovative product concepts. Custom formulations, product testing, regulatory compliance, and sales support are just some of the services the chemical distributor offers. Its expert teams also anticipate trends and work proactively to offer innovative solutions to new needs. CHEManager asked Matthias Hofmann, Group Innovation & Technology Management Director at Azelis, to provide an in-depth insight into the company's innovation activities and the underlying market trends.

CHEManager: *Mr. Hofmann, by driving innovation, Azelis has evolved from a distributor to an innovation service provider since its inception. What role do your application labs play in this?*

Matthias Hofmann: At Azelis, we are all driven by innovation — constantly striving to find efficiencies and place an increased focus on formulation, application support, and finding new possibilities through our lateral value chain. We work with many blue-chip principals, benefitting our innovation capabilities, and we have access to a comprehensive set of products, empowering our lab team with more formulation opportunities. Furthermore, our expert technical sales teams are seasoned chemical and technical application experts in their fields, meaning they can support customers with new ideas and improved ways of thinking.

Creative formulators and experienced application experts, our lab teams are the technical promoters of our product portfolio. They are key contributors with extensive knowledge of our chemical portfolio and continuously improve products and applications for customers. To ensure effectiveness, our lab managers train colleagues; act as technical consultants; and most importantly, they co-create with customers to develop market-oriented solutions. In other words, the application labs are tasked with finding answers, combining products, and generating formulations for innovative proposals.

Which market segments can Azelis cover with its network of application labs?

M. Hofmann: We are active in 12 market segments across life sciences and industrial chemicals, with 70+ application labs. Our life sciences labs are ready to respond to the fast-changing market they cater to, and operate locally for the most part, with customer requirements and consumer preferences varying from country to country. In life sciences, we have numerous labs dedicated to personal care, food & nutrition, pharmaceuticals & healthcare, home care & industrial cleaning, and agricultural & environmental solutions. Those dedicated to industrial chemicals take a more regional approach, since there are fewer local variations in this more specification-driven market. Our labs in industrial chemicals cater to, amongst others, CASE, lubricants & metalworking fluids, and advanced materials & additives. All labs contribute to and make use of our common knowledge management system for lab projects and formulations, facilitating knowledge sharing, thus cre-

ating synergies and cross fertilization opportunities.

Which have been the latest additions to this network?

M. Hofmann: With growth through M&A being a key part of our strategy, our lab capabilities constantly expand into new regions and market segments. Through a recent acquisition in Brazil, we strengthened our food and nutrition footprint with three new application labs, adding a bakery, beverages, and dairy and ice cream lab, upgrading our technical competence for the entire food market. These new labs, operating under one roof, are fully integrated into our network and have formed a true technical hub and competence center for the region.

Overall, what do you think are the predominant trends in formulation development?

M. Hofmann: We see the drive toward sustainability and cost-effectiveness happening across the board, and our teams work hard to present applicable solutions. To innovate with purpose, our organization established regional and market-specific lighthouse topics, fostering trend-oriented working and leveraging collaborative working in a decentralized network.

Working closely with all functions — from marketing and sales to the experts in the lab, we keep a close eye on the rapidly changing landscape and



Matthias Hofmann, Group Innovation & Technology Management Director, Azelis

provide our principals and customers with the most up-to-date information on market trends. Two examples:

In personal care (PC), we see a trend in sustainable or vegan ingredients, using reduced or no water and minimizing packaging. Our PC team launched a waterless kit with prototypes to reduce water and packaging waste—including ‘Sudsy Solid Shampoo’ and ‘Conserving Conditioner Bar.’ Made without water, these formulations also aim to reduce the water needed during use.

In food & nutrition, consumers are looking for price parity and want something that brings value: sustainability, positive nutrition, or enhanced taste and texture. In line with this, we've seen more requests for meat replacements, and our Regional Competence Center for Meat and Meat Alternatives in Poland supports our customers with the expertise and tools needed.

What do you perceive as the most pressing needs and requirements of your customers?

M. Hofmann: Our customers are looking for creative, fast, and cost-efficient solutions to their market needs. They want to grow their market share in an increasingly competitive global market and look to our team to help. Through our extensive lateral value chain and





technical expertise, we can propose, test, and help roll out new, innovative, and sustainable solutions, supporting their competitiveness in the market. Our customers benefit from our one-stop shop approach, which saves time and money.

Is there an area in which Azelis would like to expand its expertise in formulation development?

M. Hofmann: We aim to be the leading solutions provider of sustainable ingredients, and this year, we will complete our concept of product sustainability. Our sustainability experts devised a methodology to evaluate and steer our

entire product portfolio and this effort has led to improved formulation work and expertise around sustainability and sustainable offerings.

We want to formulate faster, leveraging knowledge, experience, and learnings shared through our global knowledge management system. Our labs are interconnected through our digital backbone, and we are now looking into employing AI to bring that knowledge to our teams in smarter ways.

This year, the company ran its first in-house program called 'Azelis Innovation Award'. What is the scope of this program?

M. Hofmann: We work hard to help customers with innovation, products or process improvements. To further encourage this, we launched the 'Azelis Innovation Award.' With 'innovation through formulation' a cornerstone of our strategy, we want to ensure our team is working together cross-functionally and cross-regionally. These internal awards emphasize that innovation is a team sport—with technical and commercial colleagues coming together to offer value to our business partners.

The awards were evaluated based on teamwork, sustainability, commercial success, and of course — innovation, and we received 70+ entries that

went through regional and global panels. This year, the gold prize went to our team in Brazil for their high-protein coffee beverage that they helped their customer launch. Silver went to the team in Korea for their water-based florylpicoxamid formulation, and finally, bronze went to our team in Türkiye for their innovation projects around pectin in the gummy market.

Through the program, we saw people from all backgrounds coming together to proudly showcase their achievements, and we already look forward to what the second round will bring.

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Innovation Through Formulation

Azelis Continues its Growth Trajectory

On Jan. 1, 2024, Anna Bertona took on the role of Group CEO at Azelis. Ralf Kempf asked Bertona to look back on her first six months at the helm of the chemical distributor and her further strategic plans for the company

CHEManager: Mrs. Bertona, when we spoke for the last time at the end of the previous year, you mentioned that Azelis' foremost focus would be on driving (organic) growth with its customers and principals. What has happened in this respect since the beginning of the year?

Anna Bertona: Indeed, organic growth is our main priority, and for this, we are working together to attune Azelis' building blocks, making sure we are on the right track to grow successfully and sustainably: I just presented a renewed purpose for the company during my last town hall, along with reviewed values, which now better represent the organization we have become. We are also sharpening our business strategy, to cater to the challenges and needs of today's markets. So, this year is all about realigning and gearing up for a new phase of organic growth.

Which developments, both among your customers and the distributors themselves, do you see as challenges for the sector – and which as opportunities?

A. Bertona: Where there's a challenge, there's an opportunity: We see new players arise backed by private equities, becoming stronger competitors, and this is what keeps us all sharp and lifts the industry profile. While certain principals are struggling with high production costs, inflation, and increasing sustainability policies, changes in the dynamics and competitiveness of these companies will be prompted and this again will present challenges and opportunities. Also, we see the strong push in the EU government toward sustainability as a great opportunity, as we are well advanced in this area and help our customers and principals reach their own sustainability targets and ambitions.

Amid economic and geopolitical challenges, chemical distributors face investment uncertainties. In which areas do you think investment is nevertheless essential?

A. Bertona: Although the two are not necessarily connected, the current situation is indeed more challenging for distributors. We have kept conversion



Anna Bertona, Group CEO, Azelis

margins stable, so for Azelis, it is more about reallocating resources as well as leveraging organic and inorganic investments made in the past years.

Organically, we continue to invest in our technological capabilities throughout our global lab network to ensure our technical expertise and superior formulation abilities are ever supported by high-class equipment and technology.

Inorganically we invest in growth markets and white spots to complement organic growth, and we have the balance sheet to support this.

And, of course, we continue to invest in our people, attracting the

right talents and helping them unfold their potential through training and personal development.

What initiatives does Azelis take to retain and develop existing employees and attract new talent?

A. Bertona: We want to attract and retain top-tier talent, so we are committed to helping them grow as people and professionals and keeping them motivated for a sustained career at Azelis.

Whenever there is an open position, we put our own people first: In 2023, 41.7% of our vacancies were filled by Azelis employees. By doing this, we encourage talent development opportunities: local, regional, and international moves, career advancements, and job rotation, which facilitate the effective utilization and development of talent within our organization.

We recently set up our first Center of Excellence in L&D, not only to install learning tracks and training programs for our teams, but to overall foster a culture of lifelong learning and continuous improvement, strongly encouraging knowledge-sharing and cross-collaboration.

Retaining talent is also about nurturing. We have launched a mental health and well-being program with which we want to reduce stigma and help preserve a healthy work-life balance among our workforce.

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