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INTERVIEW: Adisseo Rejuvenates its Vitamins Business Model

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18 February 2015 – Adisseo has implemented a new commercial organization in Europe and repositioned its business model for its Microvit® vitamins range.

Mr. Adrian Ng, Global Microvit® Business Director and Mr. Thierry Julia, Sales Director for EMEA at Adisseo, provided Feedinfo News Service with a business overview of the Microvit® range and the company's intentions moving forward.

[Feedinfo News Service] Microvit® is one of the best known vitamin brands in the feed business. Could you provide us with a brief history of this product range and explain why it is such a recognizable brand?

[Adrian Ng] Microvit® is already mature in the vitamins market, with strong brand awareness and recognition as a top quality brand all over the world. Adisseo has been very innovative over the years and established itself as one of the top three vitamin providers in the feed industry today, with the key milestones:

"Improving the efficiency of the whole vitamins value chain – from procurement, to production, to product delivery and streamlining the way we sell and communicate with our global clients and partners - is paramount to be able to adapt agilely and prepare for the headwinds of tomorrow."

- Thierry Julia

- In 1958, AEC started its industrial production of Microvit® A in Commentry, France.

- In 1985, we introduced the revolutionary double emulsion coating technology which gave superior stability properties to Microvit® A Supra.

- In 2001, we spearheaded the vitamin A market trend by introducing a high quality, more stable and concentrated feed grade product, Microvit® A Supra 1000 and it has been the industry reference ever since. Today, our Microvit® A supplements 200 million tons of feed in the global feed market, a testament of commercial success built over the years. Microvit® Promix E50 (high quality vitamin E50), the key feed grade vitamin continues to be shipped out of France and China to leverage our global supply and formulation capabilities.

- In 2002, we also launched a new ruminant grade vitamin A, Microvit® A Supra 1000 Ruminant.

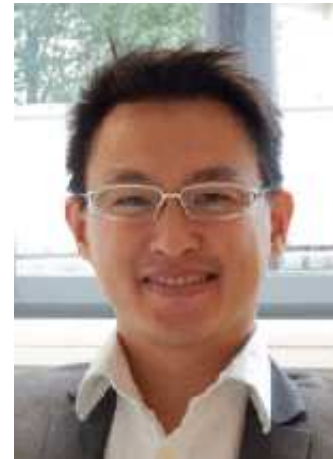
- In 2003, we launched the Microvit® Portfolio, straight B vitamins proving to be one of the most successful ranges to date.

With a full range of 12 Microvit® feed grade vitamins with specific formulations, we provide a one-stop shop and service to our global feed customers. Microvit® continues to be one of the most recognisable brands in the feed market as it represents high quality, safety, reliability and traceability.

[Feedinfo News Service] Adisseo is one of the few companies offering the full range of vitamins on a global basis. What differentiates you from others who provide a similar service and product range?

[Adrian Ng] Microvit® is unique in that we are the only global provider to offer:

- Full range of products in the feed grade vitamins market in a non-competing and complementary manner with our global clients and partners.
- Resilient global market position with outreach in more than 120 countries.
- Facilitating the lives of our global clients and partners as this package mitigates huge risks associated with quality, supply availability, traceability and more and more prominently, feed safety.
- Our expertise to give access custom-made services and solutions for loyal and strategic clients such as market intelligence, feed safety updates, global in-house training programs such as Microvit® Premix Clinic and Microvit® Feed Clinic, etc. to provide a relationship beyond just the physical product.
- Continued strong presence despite the vitamins market undergoing huge volatility and a lot of consolidation over the last decade.
- We continue to keep abreast of market evolution, adapt and endeavor to provide our global clients and partners with a high quality and high value-added offer that is second to none.



Adrian Ng
Global Microvit Business
Director
Adisseo

[Feedinfo News Service] The feed grade vitamin business has been particularly volatile in recent years. How does your business model allow you to cope with such volatility and remain competitive?

[Thierry Julia] The feed grade vitamin business has always been volatile, not just in prices but also on supply. It is indeed becoming more acute and recent historical market tendencies seem to suggest sharper price fluctuations and hence more supply uncertainty in a shorter time frame. These dynamics challenge the costs and supply chain management of our global clients and partners.

The context has become more complex due to structural changes over the years and new environmental protection policies implemented in China especially in 2014.

As a leading vitamin provider, the challenge is to improve the efficiency of the whole vitamins value chain.

It is essential for us to be able to adapt quickly and match supply versus demand while balancing risks— from procurement, to production, to product delivery.

Streamlining the way we sell and communicate with our global clients and partners allows us to prepare for the headwinds of tomorrow.

This led us to change our business model by simplifying our work flow. As a first step, we have started implementing a new commercial organisation in Europe with a dedicated regional business manager, Mr. Peter Hartjen.

Peter Hartjen will directly handle the key clients, partners and sales network while we increase more direct container shipments from China to leverage on our global distribution hub in Shanghai and thereby address supply challenges as we adapt to the new transition



Peter Hartjen

European Microvit Business
Director
Adisseo

in the market.

[Feedinfo News Service] Traceability has become a critical quality issue of paramount importance to the global premix industry. Adisseo supplies a wide range of vitamins from various international sources. How do you guarantee traceability under such conditions?

[Adrian Ng] Microvit® employs one of the most stringent quality control and traceability systems in the feed industry, both internally on site and for our external producer-partners, called the Microvit® Certification System (MCS), with two simple objectives in mind, i.e. no compromise on quality and availability of imperative information in an automated central system.

This systematic methodology mobilizes a global network of industrial and chemical specialists, qualified on-site auditors in our European and Chinese platforms, our own control laboratory, CARAT in Commeny and global partner laboratories, nutrition and product usage knowledge experts linking a full spectrum of pertinent subjects such as production, procurement, quality control, audits, regulatory and commercialization of Microvit® vitamins. The MCS is a selective and well proven method created over 15 years ago and updated regularly to ensure we cope with new risks in the market and is the hallmark seal of high quality, safe and traceable product guarantee and regardless of where we source the vitamins.

[Feedinfo News Service] Who is your target market for the Microvit® range?

[Adrian Ng] Microvit®'s competitive advantages are: brand equity (quality, safety, reliability and traceability); global market outreach; strong external producer-partnerships; and value added expertise and skills related to technical and nutritional capabilities. We carved our own market segment by serving premixers who value the quality of the product and services we provide and offer our producer-partners the penetration possibilities in the global market they would normally not cover, all in a non-competing and complementary fashion, a win-win situation for our suppliers and clients alike.

[Feedinfo News Service] Will you continue to hold stock in all major geographic regions?

[Adrian Ng] Keeping stock is a convenient and straightforward choice in a relatively calm and ideal market for our global clients and partners. However, due to the faster moving nature of the vitamins market, more often than not, the major consideration should probably be how to shorten the bridge between supply and demand to ensure reliable sourcing and agile cost management despite the unforeseen turbulences in the market.

Take folic acid (vitamin B9) for instance and how supply and prices could drastically change in a relatively short period. Many end-users are caught completely off-guard, even for very small volumes. Therefore, in order to better prepare our global clients and partners in more volatile market conditions, we have to adapt the modus operandi,

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- Thierry Julia

encouraging clients to ship direct containers from China to hedge against costs and supply risks instead of relying on stocks, which is often unpredictable and risky in capricious market conditions.

[Feedinfo News Service] What are your expectations with this new European commercial organisation for the Microvit® range?

[Thierry Julia] The feed market is highly strategic for Adisseo for the long term. This is important for us to reinforce our ambition and maintain our position as a key player in the vitamin feed additive market, as we supply an extensive range of products other than vitamins, such as methionine, enzymes, protected amino acid for ruminants and several other innovative products.

This new organization is key to create more value for our customers. In a highly volatile market, we need to be agile and flexible in order to be competitive whilst maintaining a very high level of quality, safety, reliability, traceability and service. Thanks to this leaner organization, we endeavor to improve our capability to develop the Microvit® business in Europe and elsewhere, which would allow us to capture organic growth in line with our company's long term strategy, and to reinforce Microvit® as one of the strongest brands in the feed grade vitamins market.