

# Ensuring Value and Efficiency in the Supply Chain

## Chemical Distributor Barentz Has Proven to be Resilient to Overcome Unforeseen Circumstances

A global life science ingredients and specialty chemicals distributor established in 1953 in Amsterdam, the Netherlands, Barentz today employs around 1,500 people worldwide and operates in more than 60 countries. With an annual turnover of €1.65 billion the group specialized in pharmaceuticals, personal care, and human and animal nutrition has a strong presence in EMEA and Asia-Pacific and a rapidly growing presence in North America and Latin America. Ralf Kempf interviewed CEO Hidde van der Wal about the company's performance in 2020 and latest strategic developments.

**CHEManager:** *Mr. van der Wal, the Coronavirus pandemic, combined with old and new trade conflicts and increasing protectionism, is putting stress on chemical supply chains. How has Barentz, with its global presence, weathered the impact of this crisis so far?*

**Hidde van der Wal:** In a global economy there is a high probability that you will be affected by local regula-

tions, currencies, weather conditions, crops and so on. In our 65+ years existence we have experienced many crises and developed very solid supply chains with forecast models to ensure we have enough inventory to overcome unforeseen circumstances. As a result, we see opportunities instead of strain on our supply chain.

The impact of the crisis has reached a few verticals but in our total life science ingredients and specialty

chemicals distribution portfolio, we have reached a double-digit growth in our 2020 turnover. In the past we have experienced similar situations and in the last decades, we have proven to be well prepared and resilient.

*What measures have been taken to enhance the resilience of your supply chains? As global crisis management often requires a regional perspective, the company might be well-prepared with its locations in more than 60 countries.*

**H. van der Wal:** The strength of a distributor is the art of being flexible in your operations. We customize our supply chain per region and adapt to local habits enabling us to serve our customers at their required location. This allows us to deliver to our customers within 24/48 hours in each region.

*Do you think that supply chains will be organized differently in the fu-*



Hidde van der Wal, CEO, Barentz

*ture as a result of the Coronavirus pandemic?*

**H. van der Wal:** We prefer the best-in-class principle and aim to improve our supply chain and logistics ser-



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vices each day. We strive for precision so that we meet the different levels of service for our customers and suppliers. We customize our supply chain and deliver what is agreed. Through our knowledge of our customers and the local and regional markets, we can support them with rolling forecasting, clever algorithms, and intelligent IT support. Our objective is to support and relieve customers whilst ensuring value and efficiency in the chain for our partners.

*What, in your opinion, are the most important current market trends in chemical distribution and what is driving them?*

*H. van der Wal:* Legislation makes many things in different parts of the world more complicated, making it more complex for smaller distributors. It is not only REACH but also climate change, emission controls and new ways of generating energy which create new standards and demand for continuous adaptations. We aim to comply with the ESG rules to help our suppliers and customers identify material risks and growth opportunities.

In addition, we have also seen this contribute to a strong consolidation in the market. At Barentz we seek to be one of the consolidators to help guarantee global leadership and responsibility in the life science distribution chain. This creates value for our stakeholders, our customers, our suppliers, our employees, and our communities.

*What are the biggest challenges caused by the digital transformation of the industry and how do you tackle them?*

*H. van der Wal:* As a society we are learning more and more of what digitalization means, and each industry needs to adjust and adapt to the changes and developments. It is important not to ignore digitalization and to be active in finding digital solutions and dare to embrace change. The challenge is finding the right digital footprint. Creating our digital future is like running a marathon. We are constantly monitoring the end result and celebrating the split times. We recently launched a fully automated e-sampling system in Europe, that guarantees delivery of samples within 24 hours.

*Barentz has recently expanded its global footprint with partnerships and acquisitions. What have been important steps and what are you planning in the near future?*

*H. van der Wal:* We strive to grow our business organically with more than five percent per year whilst ensuring we serve and meet our customers' and suppliers' interests. Just recently we announced the opening of our office in Argentina, following the appointment by Roquette Freres as their strategic partner in Argentina for all human nutrition and pharmaceutical ingredients businesses. Roquette and Barentz have been working closely together for many years in

several countries by developing distribution channels backed up by technical expertise. The opening of the Argentinian office is aligned with our strategy to further grow in the South American market.

Besides this we have a selective but active buy-and-build strategy to create global leadership in the life science distribution market. This allows us to strengthen our existing geographical regions and to develop new regions. A great example is the recent acquisition of Maroon Group in North America in December 2020.

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*"We have a selective but active buy-and-build strategy to create global leadership in the life science distribution market."*

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*In today's competitive global market, chemical distributors strive to increase their significance in the chemical value chain by becoming innovation partners for their principals and customers. How do you adapt your business model to the changing market environment?*

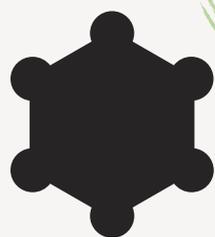
*H. van der Wal:* I really believe we have been a frontrunner in developing and formulating solutions for our customers using ingredients from our

principals. We strongly support our business with almost thirty application labs and dedicated technical experts. We continuously develop and support new trends which has led to at least twenty percent growth potential per year. It is important to forecast future needs and even more important to know how to adapt and change your team to the new and fast changing future.

*What is your vision of the future of the chemical distribution sector? What role will distributors play in the chemical value chain, also considering the prevailing circularity concept?*

*H. van der Wal:* Our core business is distribution and creating value in the chain which includes sales, marketing, stock management, new product development, formulation, regulation, product registration, new business development and legal services. All these services create enormous value for customers and principals. This will not change, but the road to the future will. We need to continuously adjust to stay in line with 'now' and the future. By including circular concepts, e-concepts and by lowering emission footprints, we will optimize our value and become a very significant and important element in the total value chain. We are not afraid of the future, we welcome the 'new' and will move into the right direction to support and strengthen our business.

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