Azelis’ acquisition of KODA has enhanced its position as a leading global specialty chemicals distributor. Azelis Americas, with a focus on North and South America, continues to invest in technical capabilities and foster closer collaboration with principals and customers to meet the needs of the evolving specialty chemical distribution market.

Azelis Americas is a leader in specialty chemicals distribution with a focus on coatings, adhesives, sealants and elastomers (CASE); construction, personal and household care; pharma, specialty ag, lubricants; inks; and plastics. “The KODA name has been replaced and we’ve rebranded ourselves as Azelis Americas,” says Frank Bergonzi, Azelis Americas President and CEO. “We have maintained our regional identities, particularly in the CASE and personal care markets, where our brand equity is valuable.” “As part of the Azelis Group, we are now truly one of the leading specialty distributors in the world,” Bergonzi says.

Azelis Americas will continue to adapt to the evolving specialty chemical distribution market landscape. “We remain highly focused on leveraging deep technical expertise and market knowledge, working in strong collaboration with principals, a strong network of technical labs to support innovation, and commitment to customer service,” Bergonzi says. “We have highly focused companies with a strong history of technical selling capabilities across all of our market segments. A high percentage of our team has technical degrees and across the sales organization we average more than twenty years industry experience.”

**Technical capabilities**

Organic growth and principal synergies are both high strategic priorities for Azelis Americas. “Azelis had no US footprint. They had a pharma presence in Canada,” Bergonzi says. “Yet, we have very similar cultures and approach to the business. There is a common focus on specialties and a commitment to technical expertise and deep market knowledge supported by application labs. We have a very similar approach to principals and how we represent them in the market.

Opportunities remain strong, as the market for specialty chemical distribution should continue to grow faster than the overall chemical market. “Principals will continue to look very closely at customer segmentation,” Bergonzi says. “Principals will outsource smaller, non-strategic customers. And in specialties, especially, exclusivity and full transparency is the name of the game,” Bergonzi says. “Principals want...
to have that exclusive, transparent relationship with their partner. There are a lot of instances where these smaller customers are the true innovators and set new trends.”

Azelis will continue to collaborate closely with principals and customers. “We communicate often with our principals regarding application usage,” Bergonzi says. “We provide valuable information about specific applications and how customers are utilizing the product. We provide deep insight into these small customers that they didn’t have previously. It helps guide their marketing strategies.”

Customers also benefit from direct relationships with technical experts and access to leading-edge labs. “Our application labs are used by these smaller customers because they do not have access to principals’ labs,” Bergonzi says. “We have deep technical and regulatory capabilities. It’s a big driver, particularly in segments such as care and pharma. Principals want their channel partner to be efficient and self-sufficient.” Azelis Americas recently consolidated the EW Kaufmann entity into the GMZ brand. “We are excited about the recent GMZ authorization by BASF of their dispersions, resins and additives portfolio to the Midwest, Ohio Valley, and Northeast geography,” Bergonzi says.

The company will also continue to look at M&A in its targeted market to enhance its regional presence. “We’re looking to establish a presence in South America,” Bergonzi says. “Azelis Americas today is in North America, but we are looking at South America as well.”

**Cultivating long-term partnerships**

Principals and customers can be confident in Azelis’ world-class sales and technical capabilities. “We have a finite number of principals. We don’t serve thousands of suppliers. We can focus and truly partner with our core principals,” Bergonzi says. “What principals want, and what we aim to deliver (and succeed at), is a high degree of technical selling capability that is focused on innovation and new products.”

Being part of Azelis provides stability, Bergonzi adds. “I think it’s important that our customers and our principals understand that we are here to stay for the long term. We’ve got the financial backing and our strategy is to continue our strong specialties focus. The Azelis acquisition of KODA has given us a true global presence to grow. We are demonstrating to customers and principals that we are going to be here for the long term, are self-sufficient with strong technical capabilities, and also are financially stable.”
Azelis Group is a leading specialty chemicals and food ingredients supplier, serving principals and customers across more than 40 geographies in a diverse palate of industries, including: Coatings, Adhesives, Sealants & Elastomers (CASE), Personal Care, Homecare & Industrial Cleaning, Pharma, Food and Health, Animal Nutrition, Specialty Agri/Horti, Lubricants and Metalworking Fluids, Rubber & Plastic Additives and Chemical Industries.

“We will continue to expand service offerings globally by investing in technical teams and local application labs,” says Azelis Group CEO Dr. Hans-Joachim Müller. “Our goal is to be the most successful with regard to principal and customer satisfaction.”

Targeted growth
Expansion alongside existing principals, lateral product line extension in targeted markets and selective acquisition will drive growth. “We will grow by following existing suppliers/principals into new markets and providing customers with additional solutions,” Müller says. “We don’t want to be first in terms of size, but the best in terms of quality and performance.”

A key enabler will be continued investment in talent and training to drive business performance. “Our employees are our best ambassadors and as such our top priority is to have engaged and motivated people,” Müller says. “This is the only way any strategy can be carried out effectively.”

Azelis has established eight new application labs over the past year to address local market needs in key verticals such as food, personal care, metalworking fluids, and CASE. “The labs address local market needs and are an excellent enabler to increase penetration in targeted markets,” Müller says.

Azelis will also take a balanced approach to expanding its global footprint. “We made great strides over the last couple of years by pursuing a tag-along approach, or expanding business with our key principals,” Müller says. “If a principal asks us to expand in a geography that is not already served by us, we obviously already have the specific product expertise and the unique selling positions.”

Azelis sees strong opportunities in targeted segments across all regions. “Even though we already have a strong presence in Europe, the distribution market remains highly fragmented,” he says. “There are plenty of inorganic growth opportunities. Anna Bertona, our new Chief Operating Officer for EMEA, is also responsible for driving growth in Africa. And we are establishing an office in Abidjan/Ivory Coast by following the ‘piggyback’ approach. More countries will follow over the next 24 months.”

Azelis America, led by president and CEO Frank Bergonzi, is already the largest and most successful specialty chemicals distributor in North America. “We have plenty of opportunities to expand our lateral value chain offering,” Müller says. “For example, we have a marginal presence in the North American food ingredients market. That is something we certainly will address. Azelis Americas will also lead the expansion into South America – either by pursuing the grass roots approach or through acquisition.”

Asia-Pacific, meanwhile, is not only a huge market but a tremendous growth opportunity for Azelis. “Four years ago we were not present in APAC,” Müller says. “By the end of 2016, our business in the region will contribute revenues of about €100 million with an adequate profit as well.”

Azelis recently appointed Laurent Nataf as CEO Asia Pacific, based in Singapore, to carry out the Asian expansion strategy. “Laurent will drive our expansion both into new market segments and new geographies for us,” Müller says. Azelis has successfully established a presence in Thailand, New Zealand, and Vietnam over the past twelve months and will start operations in Indonesia in first-quarter 2017.
Generating organic growth by leveraging strong technical capabilities is of paramount importance, Müller says. “Principals trust us to represent their portfolio on an exclusive basis because they want us to grow their business. And we see our sales teams as their extended arm into the market. If we don’t grow the business, we don’t deserve the mandate,” he says. To sustain growth, even in sluggish markets, Azelis continuously trains its sales experts about the technical specifics of the portfolio while leveraging access to in-house application labs.

Azelis has defined strategies for all of its targeted market segments. “Azelis will work closely with principals to expand value chain offerings to better serve customer needs,” Müller says. “As the markets we serve develop over time, through either M&A activities of principals, innovative product launches, or simply changing demand pattern of our customers, these strategies are revisited and adapted on a regular basis.”

Technical expertise

Customers are increasingly deemphasizing in-house application labs, creating an opening for service providers such as Azelis. “Our ability to offer application and formulation support on a local level allows us to become more and more embedded in the product development process,” Müller says. “Local labs also offer a significant advantage to our principals as we have the capability to address specific local needs.”

Principals, meanwhile, are shifting their focus to key accounts. “They have also retracted from certain smaller markets that were uneconomic to serve,” Müller says. “Both drivers – the increasing focus on key accounts and the drive for operational efficiency by retracting from smaller markets – are posing significant opportunities for those distributors who are ready to deploy additional, technically trained frontline sales resources to the specific market.”

The trends, namely that principals will focus even more on larger accounts and that they will operate in fewer of the smaller economies, is very much intact, Müller says. “It us on us to be their partner of choice by investing in local labs and the technical capabilities of our sales teams,” Müller says. “And our team is poised to create value and grow with close collaboration with principals and customers in an ever-changing specialty chemical distribution landscape.”