

# Specialty Materials Market Trends and Value Chain Assessment Case Study



Specialty materials company adapts to market shifts and evolving value chain trends

## Background and Objectives

A large specialty materials company was selling a durable component for use in the processing of various liquids, with a heavy emphasis on biopharmaceuticals. While the client's business had been growing at pace with the industry, the client was concerned about future headwinds. Most significantly, the client has identified a major shift in technology, and believed end users were replacing their product category with new systems that use single use components. The degree of acceptance of these products was unclear, but the client believed it was negatively impacting sales.

The client asked BCE to help it better understand where (in which applications or segments) single use components were displacing durable components, how this is likely to evolve over the next several years, and what factors are driving these trends.

BCE used direct interviews with active market participants to drive its analysis. All research was conducted using a blinded methodology to protect client confidentiality. We spoke with over 50 individual sources across the value chain, focusing heavily on biopharmaceutical manufacturers, CMOs, CDMOs, System A OEMs, and systems integrators. We then compiled and analyzed their feedback to a develop insights for the client's business.

## Approach

BCE's analysis began with segmentation and forecasting. Market sources informed our understanding of which drug development processes and process stages were most likely to be transitioning from traditional durable systems to single use systems, and how this was likely to change over the next 3, 5, and 7 years. As we discussed these trends, we defined the drivers and barriers pushing the market towards expected outcomes and tested hypotheses about countervailing pressures. In the second half of the project, we transitioned to a heavy focus on value chain analysis, as BCE had identified several value chain dynamics that were critical to the client's future business.

Finally, BCE placed the client's business in the context of these market insights to draw out implications and identify options for the client to navigate market headwinds.

## Recommendations

BCE concluded that the client's existing business was protected from near-term erosion but would underperform the broader market unless it could find a way to participate in the single use segment, which was driving the majority of future growth, especially in new installations. Key to success would be navigating two interrelated value chain issues: the emergence of new systems integrators, and requirements for pre-sterilization. BCE laid out three options for the client to address these challenges and recommended further analysis of the cost of pursuing each option.

