

Ancare

Local solutions for global enterprise

TechNZ supports the biotechnology sector to develop new products, processes and services and improve technical knowledge and R&D ability. Up to \$50 million is invested each year in New Zealand businesses to grow world-class companies through innovative technology.



The Company

Colin Harvey started Ancare in 1985 with a mortgage on his house and \$15,000 in holiday pay, growing the business into an innovative developer of animal health products. In the early 2000s, Ancare opened a multi-million dollar research and production complex in Auckland and, by 2007, had turnover in excess of \$50 million and a staff of 45. Ancare then sold its intellectual property and assets to international animal health products company Merial in a deal that established Ancare Scientific, a research centre headed by Mr Harvey and dedicated to developing products that target specific animal health needs.

The Research and Development

Ancare's first product was "ridiculously simple", says Mr Harvey. It was an animal drench pre-mixed with the right amount of selenium to combat deficiencies in New Zealand soil. The R&D cost Ancare around \$5,000 but the product became a market leader in New Zealand and set Ancare on the innovation pathway.

TechNZ – the Foundation for Research, Science and Technology's business investment programme – has invested in 12 of Ancare's R&D projects over the past 14 years, providing support for the company's development of new, base technologies.

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Initially, Ancare couldn't afford to develop original compounds so would snap up products as patents expired, using them as a basis for improved formulations.



Fact File

Location: Takapuna, Auckland

Staff: 45 prior to its purchase by Merial in 2007 and 15 in the newly formed Ancare Scientific

Exporting: Accounted for 30 per cent of revenue prior to Merial purchase. Ancare technologies now marketed by Merial in New Zealand and overseas

First TechNZ investment: 1994

Value of TechNZ investment: More than \$1.8 million

Return to New Zealand economy: Generated an estimated NZ\$250 million in foreign exchange earnings and saved around NZ\$300 million by replacing imported anthelmintics

Above: Colin Harvey (left) and former business partner David Johnson grew Ancare into a world-class business.

“ Using science to make farming easier and more effective has seen Ancare grow from a start-up 23 years ago into a world leader in animal health products. Ancare has now joined forces with multi-national animal health product company Merial, giving it access to an international distribution system for its intellectual property. ”

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New Zealand Government

“ New Zealanders are full of good ideas, says Ancare Scientific’s Colin Harvey. The challenge is to think long term and have a strategy for converting them to business advantage. Investing in research and development is a sure way to boost productivity and achieve that growth. ”

It built a team of specialists and forged research partnerships with Massey University and private laboratories to develop a number of world-first products, including a combination pour-on treatment for cattle, a horse wormer and oral drenches for controlling roundworm in sheep.

“When we were breaking barriers or stepping up to a new level of technological capability, TechNZ partnered with us. We have subsequently been able to use the new knowledge gained in that R&D to develop other products using our own resources.

“To me, that is an ideal role for the government – supporting proven companies to take the big steps that push them to a new level and allow them to better compete internationally,” says Mr Harvey.

Part of Ancare’s success comes from maintaining close links with farmers and veterinarians to find solutions to everyday farming problems.

The latest example is a joint R&D project between Ancare and crown research institute AgResearch, to develop a technology aimed at increasing milk production in dairy cows by up to 10 per cent.

“The exciting part for farmers is that key players at the forefront of science in farming are joining forces to find ways of improving the effectiveness of dairy farming and combat rising on-farm costs for feed and fertiliser. That’s where R&D can play a crucial role in improving productivity.”

The Achievements

In contrast to the pessimism that sometimes follows the sale of Kiwi businesses to overseas companies, Mr Harvey sees Merial’s acquisition of Ancare as the fruition of his vision for the company.

“Ancare Scientific can focus solely on innovation and has a ready-made distribution network through Merial to sell its products globally.

“I had been looking at ways of expanding Ancare’s distribution internationally, and the relationship with Merial provides the ideal vehicle. We probably have the best distribution system available to us now in the world.”

Merial has also adopted Ancare’s preferred veterinarian-only channel to market, based on Mr Harvey’s long-standing belief that vets are better placed to manage animal health issues than rural retail salespeople.

“It was Ancare’s energy and ideas that made the company attractive to Merial. We are now in a position to focus all our resources on new product development, which is what we do best, and let them look after the selling. It’s a win-win situation.”

“Ancare is a New Zealand success story and an example of how TechNZ forges long-term partnerships to foster growth in key exporting sectors. Ancare has used TechNZ investment for R&D that has broken new ground, coming back to work with us when it was ready for the next big step,” says Rebecca Sanders, Business Manager, TechNZ.

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Ancare has used R&D to become a world leader in animal health products.

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New Zealand Government