Processing Outlook Report: Pharmaceuticals Segment

While the processing marketplace is not immune to cutbacks, the pharmaceuticals segment offers more promise than most. Respondents indicated that while some spending reductions will be necessary, a lot of investments will continue to be made, especially in the areas of capital equipment and new software.

When it comes to 2009 vs. 2008 purchasing projections:

- 68 percent indicated that they will spend more on safety programs and related products in 2009. Last year, more than 50 percent spent more than $40,000 in the category.
- Conversely, 59 percent of respondents said that they will not invest as much this year on automation equipment as they did in 2008. Last year, nearly 48 percent spent more than $100,000 in this category.
- Looking at overall capital equipment expenditures, 44 percent of respondents said that they spent more than $750,000 last year, and 38 percent said that they would spend the same or more in 2009. Although the remainder said that they will spend less, only 35 percent said that it was because of the economy.

In addressing energy costs:

- 39 percent said that energy conservation initiatives have offset price hikes in keeping costs even.
- 17 percent said that costs are down due to internal energy conservation practices.
- 39 percent of respondents indicated that they continue to deal with rising energy costs.

In working to reduce energy usage (respondents could check all initiatives that applied to their facility):

- 74 percent have started to do simpler things like shutting off lights, and relying less prominently on heating and air-conditioning services to help control costs.
- 52 percent have also implemented new, more efficient lighting products.
- 48 percent cited machinery overhauls and increasing preventive

maintenance practices as a way to reduce the amount of energy needed to power their older equipment.
- 35 percent said that they have purchased new, more efficient equipment.
- 35 percent also added instrumentation that allows for better equipment monitoring and control in maximizing energy usage.

When asked which initiatives could be implemented in order to realize greater energy efficiency gains, while least impacting operational efforts:

- 57 percent identified facility improvements.
- The remaining were split between improved usage patterns and individual equipment upgrades.

Questions were also asked regarding the respondents' familiarity and use of new feedstocks:

- The feedstocks that they are most familiar with, in order of precedence, are biomass, agricultural by-products and food waste.
- Those feedstocks that are used in their plant, again in order of precedence, are plant by-products, food waste and algae.
- The feedstock that respondents feel has the most promise moving forward is plant by-products.
- The biggest obstacle readers see with the integration of these non-fossil fuel sources are the associated development investments.

On the software front:

- The most important software functionality cited was inventory management (30 percent), followed by remote monitoring capabilities (26 percent).
- The greatest realized gains from software investments were operational efficiencies (52 percent) and asset accountability (19 percent).
- Looking ahead, respondents' greatest needs are simulation capabilities and remote equipment monitoring.

In terms of wireless technology integration, readers again cited equipment monitoring, along with RFID tracking applications, as those with the greatest impact on their operations, but only 30 percent said that they have retrofitted current equipment with wireless capabilities. The greatest benefits cited for wireless use were fewer location limitations and simplified connections between machines.

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