

Interview: János Burovincz - Managing Director, Patent, Hungary



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24.06.2016

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János Burovincz, Managing Director of Patent, shares his insights on building a company from scratch, the importance of maintaining a diverse portfolio that can quickly adapt to market needs as well as his priorities going forward to continue growing the company's footprint in Hungary. He also discusses the company's strong cooperation with the pharmaceutical industry due to their increasingly sophisticated processes and equipment.

To begin, could you please give our readers a general overview of your 27 year history here in Hungary?

I believe that our story is one of an impressive Hungarian small enterprise. From when my business partner and I started the business in 1989 until now, we have seen steady, consistent growth. We were never focused on sudden success, but rather steadily growing the company by continuously focusing on the needs of the market. At the beginning we were more focused on simple projects, now we have a much more sophisticated portfolio. The range of our products is continually changing to best meet the needs of the market. Additionally, we do not focus simply on one industry or one range of products. Instead we focus on many areas of the market, for example the chemical industry, the pharmaceutical industry, the food industry, and energetics. This is a much more stable portfolio that has allowed us to continue to grow. During the years the scope has changed towards the more sophisticated and expensive products with much more added value. An

example of our capabilities becoming more sophisticated would be that we used to manufacture large process tanks for brewery applications, but more recently have been focusing on more complex containers for the pharmaceutical industry.

You mentioned that your increasingly sophisticated capabilities have brought on more work within the pharmaceutical industry. Is this an area of your portfolio that you are looking to continue and grow? Additionally, how will your recent expansion help facilitate this growth?

We are looking to continue to expand in the pharmaceuticals, and recently we have seen that sector contribute much more to our sales than compared to the past. In Hungary we have a saying that it is important to stand on many legs, as then you are more stable. Of course we are focusing on any industry where we can utilize the knowledge, experience and available machineries that we offer. At the moment we are completing the biggest food industry project in the past 25 years in Hungary, which is taking up around 90% of our capacity. However, thinking more medium and long-term we are focused on expanding our footprint in the pharmaceutical industry. This is where we can utilize the special machinery that we have here, which is something that is quite appealing for the pharmaceutical industry. Compared to the competition, we have equipment in the workshop that is really outstanding, not just in Hungary but around the region. We also always satisfy the needs and demands of our clients.

With regards to our recent expansion, of course your increased size will lead to increased capabilities. However, even when we take on large projects we commit to also keep working with our strategic partners as well, which sometimes can be a huge challenge. The current project that we are completing we expect to double the sales of the company.

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Over your 27-year history, how supportive have you seen the government be in terms of promoting growth and investment, specifically in the pharmaceutical industry?

Pharmaceutical production has traditionally been a priority in Hungary, both in the distant past and present day. The current government is continuing the tradition of maintaining a high-quality and high-standard pharmaceutical industry in Hungary. They are doing this through support of the pharmaceutical companies, both Hungarian and multi-national. Pharmaceutical API production and drug production is supported through government policies. I do believe that this support is sufficient and has been beneficial for the industry. When pharmaceutical companies are able to increase and expand their operations in the country, we are able to compete for their business as

well. So this support ends up being of benefit for us, no question.

What do you see as some of this company's key success factors, and what differentiates Patent from its competition?

One key factor that made this company an outstanding one is that we have been focusing on the custom fabrication, which provides more added value compared to the small scale production of lower price components. Through this we have developed much closer relationships with the pharmaceutical industry and have been able to fulfil more of their needs. Additionally, we have very substantial material available, which is a unique situation in Hungary that stems from the fall of communism. Prior to the political changes, markets were closed to Hungary, however we had developed a substantial industry here. It made the situation very difficult for manufacturing and fabrication companies in terms of finding and keeping market share. The business relations were also built on personal networking and relationships; it was very difficult to beat out other companies who already had an established role with a potential partner. This is one of the reasons that we decided to diversify our portfolio. We also began to gain ground in the pharmaceutical industry by focusing on the niche markets. Now, the situation is much more promising because the decision makers are becoming more professional in making a decision about which supplier to partner with. They are making these decisions based on quality, and that is something that we offer. These recent changes make us very optimistic about our future role in the pharmaceutical industry.

Regarding differentiating qualities, they are our superior surface finishing capabilities, welding quality and forming. We are also not limited by tank size, which makes us an appealing partner. These are the technical qualities that make us outstanding, however, more broadly, our flexibility differentiates us from the competition. We are also able to conduct products in many different languages, and provide documentation in other languages, which is very important. We are ASME and Pressure Equipment Directive qualified. There is no competition with the US certification in the pharma industry in Hungary.

In terms of expansion, are you looking more towards the domestic market? Or are you also planning on increasing partnerships abroad as well?

We are looking to expand both domestically and abroad, including the United States, Western Europe, and also Russian speaking countries. The market strategy is similar to that of our current activities, we would like to stay standing on many legs. Of course we are trying to strengthen our position in the domestic market, but we are also looking to expand abroad, especially in the

Russian speaking areas. We have been attending pharmaceutical trade fairs and have a great reputation in that market. We have already sold huge projects to Russian pharmaceutical companies.

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However, at the same time we want to improve our own fabrication process. In the long term we would like to come to the market with our own unique product, as opposed to the custom made products. We plan for this product to offer a complex solution for the production of one or several drugs.

Over your 27 years here at the company, which accomplishment are you proudest of?

The thing that I am proudest of is the enterprise itself. This company has developed in a fine working organization that is continually improving, developing and changing. When I began back in 1989, this is what I had dreamed of.

As you look forward over the next three years what would you define as your top three priorities?

It is very difficult to pick out three priorities as I am continuously setting out strategy for the company and adjusting to market needs. However, there are two general focuses that I have for the next two years. First, I will try to pursue investments to possibly give us more market share on the pharmaceutical side of our operations. This may include new machinery, new technologies and new processes. Second, we plan to use our current qualifications to build up a much more substantial group of clients that are utilizing these same qualifications and work to establish relations with clients where we can produce complex processes providing systems, not only individual custom made tanks. These are the main focuses moving forward, and to achieve them we need to be open minded and ready for the challenges that the markets offer us.

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