

THE SUPPLIER VIEW

Hydrosol Platforms: 25 Years of Stabilizing Innovation

Stern-Wywiol Gruppe CEO, Torsten Wywiol and Hydrosol Managing Director, Matthias Moser explain the 25 year evolution of the company and business strategies moving forward, including innovation within alternative proteins.

by Robin Wyers

This year marks the 25th anniversary of Hydrosol, where the German-based company emerged from a start-up to being a world-leading manufacturer of system solutions for dairy, deli and meat.

The Hydrosol story started in 1993 with just a single product. Since then, this Stern-Wywiol Gruppe subsidiary has grown to become a leading international supplier of system solutions in the ingredients business. The company makes hundreds of stabilizing and texturing systems for all sorts of applications and markets them worldwide.

In an exclusive and detailed interview, Stern-Wywiol Gruppe CEO, Torsten Wywiol (TW) and Hydrosol Managing Director, Matthias Moser (MM) explain the evolution of the company and business strategies moving forward, including innovation within the alternative proteins space.

What does broad-based applications technology mean and what advantages does it bring for your customers?

TW: Our Stern-Technology Center is the engine of our company's success. Hydrosol uses al-

most a third of the 3,000 square meter research complex. Some 30 food technologists, applications technicians and food experts develop complex, individual customer solutions in a very realistic setting. The equipment Hydrosol uses to test its stabilizing and texturing products are industrial systems in wide use, so formulations and production processes can be trialed under real-world conditions. This means that customers get functional systems that are ready for industrial application - a major benefit.

MM: And not only that. In our research we place special emphasis on the synergy effects between individual components. An understanding of the interactions among hydrocolloids, proteins, fibers and other ingredients is the key to quality results. We see time and time again that these synergistic complexes give much better results than single ingredients. Our broad-based applications technology is, therefore, key to our successful product solutions.

What have been some of the most significant changes in the ingredients business environment in the last 25 years?

MM: In the 1990s, conscious enjoyment was the significant trend in the industrial countries. The light food wave demanded

new solutions to deliver low-calorie products with authentic flavor. About ten years ago clean label presented the industry with major challenges. Today we're looking at alternative protein sources and sustainable product concepts. We're also confronted with polarizing markets and correspondingly diverging consumer expectations. Healthy foods that taste good are really just the lowest common denominator. In saturated markets, products also need to have a high convenience factor, plus address ethical and ecological issues. In developing and emerging countries, on the other hand, safe and affordable foods are a big need.

How do you see the food ingredients business evolving in the next 10-25 years? What challenges and opportunities await us?

MM: One of the big challenges will be supplying a growing world population with safe, affordable and good-tasting foods. The food ingredients industry will play a key role in this. It is functional ingredients that make it possible to turn natural raw materials into attractive products for consumers in all the different international markets.

What are your expansion plans, both organic and through acquisition?

TW: In the future, we're going to be focusing even more on internationalization. We need to build up production capacity at our worldwide locations, especially in Southeast Asia, China, South and Central America and the US. By 2025, we will have significantly expanded our existing presence in those areas. If we want to supply our customers even faster and at better terms, we need to produce locally and also do research and development locally.

MM: Additionally, our international locations mean that we are closer to our customers. Because we don't want to just be a supplier, but also a discussion and sparring partner for our customers. We work with them to



Torsten Wywiol, CEO, Stern-Wywiol Group

initiate innovation process and address future topics. So for international growth, we plan acquisitions that will round out and complete our range.

What is in your R&D and development pipeline and which trends are you looking to address?

MM: We're working hard on ideas with high potential to secure adequate supplies of alternative proteins in the future. We're also working on sustainable solutions to reduce our ecological footprint. A current example of a plant-based protein is Hydrosol's new Sundogs all-in compound for making vegetarian sausages suitable for eating hot. It is based on plant proteins from sunflower and peas. This makes us the first supplier of an allergen-free alternative to soy and wheat. Sunflower proteins are entirely new in the manufacture of vegetarian and vegan meat alternatives.

Do you focus primarily on plant protein sources?

MM: Absolutely not. In addition to various plant protein sources, we're also researching animal sources like insects. Sustainable concepts for making better use of raw materials are another milestone because there is valuable protein not just in fillet, but also in by-products like trimmings or whey. These can

also be used to make high-quality foods. For example, we have developed stabilizing and texturing systems that enable the production of cultured desserts and other attractive products from sweet and acid whey.

Vegan is something that you have been promoting a lot recently. Is this something that could ever become mainstream, or is it more of a fad that will reach a tipping point soon regarding significance?

MM: Vegan alternatives to meat and dairy will remain very important. Trend researchers and current market figures confirm this. Meat and dairy alternative products will become increasingly standard, around the globe. If you look at meat production, it becomes clear why plant alternatives are so important. According to the UN Food and Agriculture Organization, by 2050 demand for meat will increase by one and a half times to 420 million tons per year. As things stand, projected population growth will require a 60-110 percent increase in agricultural output to meet demand. Furthermore, negative headlines about meat scandals and the enormous CO2 output of factory farming are causing many consumers to lose their appetite for meat. So vegan nutrition is by no means just a fad - es-

pecially as thanks to intelligent stabilizing and texturing systems, newer vegan alternatives to meat and dairy products are almost entirely equal to animal products in flavor and texture.

Researchers are also looking into the development of in vitro meat in place of plant substitutes. That's going to give meat alternatives some major competition, isn't it?

MM: In this method, stem cells are taken from animals and used to grow meat in a bioreactor. The technology to do this on an industrial scale is still not available. Currently, a bioreactor takes several days to make a few kilograms of meat. But with our stabilizing and texturing systems, producers can make vegan alternatives to meat and sausage today - and they can do it on standard machines like cutters and filling lines. So meat and sausage producers don't need to make major investments in new machinery. This naturally benefits consumers, who can get high-quality products at moderate prices.

What are some of the supply challenges currently being faced?

MM: Thanks to our years of collaboration with producers, we are in a perfect position and can assure unbroken raw material availability. This also lets us partially compensate for price fluctuations due to weather extremes, like the recent drought in Europe or floods in other parts of the world.

What are your thoughts on the consolidation of the ingredients sector? How far can this go before it starts to hamper innovation in the industry as a whole?

TW: Food technology is a key technology and the most important industry of the 21st century. More than ever, innovation and creativity will determine market success. Despite our global operations, we remain a family company with slender hierarchies - we're a speedboat, not a tanker. We're also looking into new technologies like 3D printing for food and new raw mate-

rials like insect proteins. So I'm confident that the food ingredients sector will remain one of the innovation drivers of the entire food industry.

How does an ingredient supplier remain relevant in a clean label environment where everyone is looking to cut back on ingredient lists?

MM: With a good nose for trends ahead of the others, years of expertise in the interactions of different ingredients and a good network in the raw materials markets. In 2009, we presented our first clean label solutions at the FIE trade show, making us one of the pioneers in the field. If you look at what consumers want, the length of the ingredient list is not as important as the ingredients themselves. Consumers increasingly want natural ingredients. One way that we can meet this demand is with plant fiber for a pleasant mouthfeel. If it's high enough, the fiber content can also be a health feature that can be advertised on the product.

What are your goals for the future?

TW: Our ambitions are for growth. Today the Stern-Wywiol Gruppe has consolidated sales of €520 million. Our goal for the future is to grow by ten percent annually. Hydrosol is a very important part of that within the Group. In order to increase our growth potential we are focusing on internationalization and food safety.

MM: This strategy is driven by the growing worldwide demand for healthy, safe and, above all, affordable food. Alongside the EU market with its strong demand for premium products, going forward we'll focus more strongly on the burgeoning middle classes in the emerging markets. Our system solutions support not just the supply of food, but also its local production. Our all-in compounds simplify the industrial manufacture of food, improving food availability in low-technology countries in particular. ▼



› Dr. Matthias Moser, Managing Director Hydrosol, at the morning evaluation round for new product developments.