Roche selling Boulder facility in companywide cost-cutting move

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Boulder Daily Camera

Posted:11/17/2010 11:59:32 AM MST

Swiss drugmaker Roche plans to sell its Boulder facility as part of a broad-sweeping reorganization plan across the company to save more than $2.4 billion annually.

The Roche Colorado site in Boulder -- a facility with a more than 60-year local history -- employs 275 people and specializes in the manufacturing of peptides and other medicinal compounds. Peptides are large chains of amino acids that are the basis of drugs such as the company's flagship HIV-fighting drug Fuzeon.

John Tayer, a Roche Colorado spokesman, said officials do not expect a sale to have a negative impact on the work force at 2075 55th St.

"We have been through similar transactions in the past," he said. "We've gone through similar name changes and come out on the other side an even stronger company.

"We would have every expectation that would be the case in this situation."

Officials are targeting an early 2011 time frame for a sales agreement to be reached, Tayer said. Roche Colorado should not be impacted during the divestment period, he added.

Roche, which employs more than 81,000 people worldwide, hopes to sell the Boulder facility's technical development and manufacturing assets to an entity that would continue to meet the Basel, Switzerland-based Roche's demands for commercial-scale peptides, he said.

"It could be a variety of institutions," he said. "... But obviously somebody that wants to have a long-term relationship with Roche."

Estimating Roche Colorado's economic impact at $72 million, Holli Baumunk, the Colorado BioScience Association's president and chief executive officer, said it is important for both the Boulder region and the state for the local site to remain operational.

"We want to help ... in any way that we can," to find a buyer, she said, declining to speculate on potential acquirers.

Roche Colorado going on the block could be a harbinger of some negative sea-changes in the U.S. bioscience industry, Baumunk said.

Stricter regulations, lower venture capital funding and decreasing budgets -- on the sides of both the Food and Drug Administration and the private-sector -- are making it difficult for companies to continue manufacturing domestically, she said.

"Things are taking a little bit longer and it's inhibiting the United States from being able to innovate," Baumunk said.

The Roche Colorado site sale is just one part of Roche Holding AG's "Operational Excellence Program," a plan centered around "adapting cost structures to an increasingly challenging marketing environment," officials announced Wednesday.

The plan involves cutting 4,800 jobs, or about 6 percent of the worldwide work force, during the next two years; transferring 800 jobs internally and 700 positions to third parties; discontinuing RNA interface research; moving facilities; and selling its Boulder and South Carolina sites.

The company's U.S. sites and employees appear to be hardest hit by the reorganization.

Those moves and others are expected to save the company 1.8 billion Swiss francs, or just over $1.8 billion, in 2011 and 2.4 billion Swiss francs, or more than $2.4 billion, annually starting in 2012, officials said. The company also will take on about 2.7 billion Swiss francs, or about $2.7 billion, in restructuring costs by 2012, officials said.

Last month, Roche officials reported that the company's third quarter revenue fell 7 percent to $12.1 billion.

Roche established its presence in Boulder 16 years ago when it purchased Syntex Corp., a Mexico-based company specializing in the development of oral contraceptives. Syntex operated the Boulder site since 1965 -- when it paid $4.7 million for Arapahoe Chemicals, a chemical company incorporated in Boulder in 1946.

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