

Longtime firm has startup excitement

Ortho Clinical employs nearly 1,300 workers at three sites in the region

By **KERRY FELTNER**

In its more than seven decades in operation, Ortho Clinical Diagnostics Inc. has focused on one thing: creating efficiency.

The firm's products can be found in hospitals, hospital networks, blood banks and labs. The company has roughly \$1.7 billion in revenue. It has been in operation since 1939.

The New Jersey-based company, part of which began as a unit of Eastman Kodak Co., has some 4,200 employees globally including 1,295 locally.

"There's always going to be this pressure to drive down costs and improve efficiency in health care," said Joseph Chiapperi, senior director and head of R&D for transfusion medicine at the company. "We see this across the world.

"We always have to look at 'how do we make this testing more efficient and better for our customers?'"

That focus drives the company's innovations and has helped the firm remain relevant year after year.

"I think our size and scale is a great opportunity for us to break out and grow as a company," said Ragu Raman, head of R&D for the company's clinical laboratory platforms division. "We're a \$2 billion startup. There's dynamism in decision making and I think there is a spirit that I see in the company, which is very empowering, very engaging."

The company is a global in vitro diagnostics firm that serves the clinical laboratory and immunohematology segments of medicine.

For clinical labs, Ortho focuses on testing technology automation, information management and interpretation tools, all to help the lab run efficiently.

"Real estate is the most valuable currency in a hospital," Raman said. "So in diagnostics, or in any sort of health care-oriented business with capital equipment,



Photo courtesy of Ortho Clinical Diagnostics Inc.

Ortho Clinical Diagnostics Inc. has advanced the science of matching blood so that patients receiving transfusions get the correct type.

physically in a hospital you'll see that that real estate pressure is constant. The other side you'll see is the patient population and the demographic changes, the consolidation of hospitals and the hospital systems and labs—they're putting more pressure on the number of tests."

In immunohematology, the company focuses on improving blood typing products to make sure all patients have the right type and unit of blood, the company said.

"We're the market leader in hematology or testing. So we're generally No. 1 or 2 in almost every market we serve," Chiapperi said.

"We always have to keep improving our products to stay ahead of the competition. I think there's universal pressure in health care where everybody is looking to drive efficiency improvements, to drop the cost of health care (and) improve efficient outcomes," he added.

R&D center

The firm has three Rochester locations. At 100 Indigo Creek Drive in Greece is the

company's global center of excellence for research and development.

"What we see is our technology is so addictive," Raman said. "If you're an engineer, if you're in R&D, if you're a scientist and you spend time with our systems, the idea pool is infinite here."

Michael Bennett has been a customer of Ortho for 30 years.

Bennett is professor of pathology and laboratory medicine at the Perelman School of Medicine at the University of Pennsylvania and the director of clinical chemistry and metabolic disease laboratories at The Children's Hospital of Philadelphia, among other posts.

"I have always found Ortho Clinical very customer friendly and willing to work with us to develop new assays on their instruments," he said.

Annually Ortho Clinical Diagnostics spends some \$90 million on R&D, or 5 percent of sales.

"I think one of the unique things that Ortho has is our dry slide technology," Raman said. "Everything revolves around

what our customer needs are. We work back from the customer needs.”

Christie Wyatt, director of laboratory services at the White River Medical Center in Little Rock, Ark., has worked with Ortho for two decades.

The center has two of the company’s Vитros 5600 platforms: an enGen automation track for chemistry, and Ortho’s newest blood bank analyzer, called Ortho Vision, for the hospital’s blood bank.

Ortho’s equipment is exactly what the White River Medical Center needs, Wyatt said.

“I think Ortho’s success is attributable to their technology,” she said. “The dry slide technology used in their chemistry platforms, in my opinion, is top notch. The calibrations are stable, the layers in the slides eliminate many of the interfering substances up front, and it is ‘dry,’ which means it does not require a water source or drains. I have watched the mechanics of the instruments evolve over time, but the fundamental dry slide technology has carried through the years.”

Technology and customer service are at the forefront at Ortho Clinical Diagnostics, Wyatt said.

“The company understands the value of the technology it offers and has worked to improve on it rather than replace it with something new,” she said. “While no instrument or technology is perfect, I believe if Ortho continues to listen to the voice of the customer and invests in R&D based on customer feedback, they will continue to thrive in the lab industry.”

“It is very apparent in working with the people at Ortho that customer service is a priority for the organization, from the sales staff to the field service engineers.”

Company formation

In 1997, Ortho Clinical Diagnostics was formed from the merger of two Johnson & Johnson companies: Ortho Diagnostic Systems, a worldwide leader in transfusion medicine reagents and instrument systems, and Johnson & Johnson Clinical Diagnostics, formerly a division of Kodak and a global leader in clinical laboratory systems.

In 2014 Ortho was acquired by the Car-



Photo courtesy of Ortho Clinical Diagnostics Inc.

Ortho Clinical Diagnostics was formed in 1997 from the merger of two Johnson & Johnson companies: Ortho Diagnostic Systems and Johnson & Johnson Clinical Diagnostics.

lyle Group—a Washington, D.C.-based investment group, for approximately \$4 billion.

With its history as part of Johnson & Johnson and Kodak comes a deep bench in terms of employee skillsets, Raman said.

“The real striking thing to me is the density of talented technical engineering and scientific skill here is second to none,” he said. “There’s an ecosystem here. I’d say the culture of technical excellence that was here from years of the Kodak era—that is still there. You feel like you can solve any problem that’s coming your way.”

“We have a Kodak legacy and we’re proud of that,” Chiapperi said. “The fact that we’ve got some fantastic medical centers in the area too—it’s a good opportunity for us to have conversations with them about our products and what we’re trying to do.”

There is still a startup culture at the firm as it grows each year, Raman said.

“The challenge for most organizations is ‘How do you sustain that innovative think-

ing?’” he said. “That’s the reason why it’s an exciting place for me, because you’d much rather be in a place like this where there is that talent, and knowledge transfer and mentoring and coaching and skill building is key.”

Health care is never stagnant. There are challenges, but those challenges are nothing new, Raman said.

“The challenges are pretty well known; the opportunities in front of us are very well known,” he said. “It’s productivity in the labs, it is information and data flow, it is footprint of instruments, it’s high performance in the volumes that tests can take—a lot of those kinds of things are pretty standard stuff.”

With the firm’s R&D focused here, ideas and innovations to change the face of health care are constantly being pursued right in Monroe County, Chiapperi said.

“Ortho is an incredibly exciting place to be right now,” he said.

kfeltner@rbj.net / 585-546-8303