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## Tollers Expand Service Breadth To Meet Food Companies' Needs

Instead of basic services only, tolling services are pushing into turnkey solutions for clients.

By Kevin T. Higgins, Managing Editor

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**Toll services:** the term connotes a stripped down, in-and-out process performed at a remote location.

Traditionally, that's been the case in the food industry. Companies essentially rented time on a machine and picked up or arranged delivery from the toller's location to the product's next destination. That scenario still exists, but the tolling trend is toward more value-added services and enhancements up to and including full-blown partnerships.

Several factors are at play in tollers' reinvention. One is the changing nature of food companies themselves: Many of today's start-ups and early-stage firms are focused on creating and marketing brands that appeal to people who want clean labels, organic and natural foods or free-from products. Manufacturing capabilities are non-existent. Tollers who can perform multiple services make their lives easier.

Another factor is the globalization of food. U.S. poultry producers exported almost 8.2 billion lbs. of poultry products in 2015, more than 20 percent of all U.S. poultry production, according to the USA Poultry & Egg Export Council. Producing and packing all that product is daunting enough without the added headache of post-production work. Fortunately, the downstream supply chain is stepping in with enhanced services.

Agro Merchants Group provides an example. Since acquiring Nordic Cold Storage in late 2015, Agro has expanded and enhanced services and capacities at Nordic's operations at the Port of Savannah. In December, Nordic took receipt of its first shipment of fresh produce at the port, handling the customs paperwork and arranging logistics while the Peruvian grapes were held in a 400,000-sq.-ft. refrigerated space. Importing complements already robust work on export services, which include a high-volume blast freezing operation that handles more than 2 million lbs. of poultry a day.

Industry focus on food safety plays a role in tolling's metamorphosis. American Pasteurization Co. in Milwaukee established itself as the nation's first contract supplier of high-pressure pasteurization (HPP) services in the early 2000s. From the outset, it defined itself as a toller, although services necessarily extended to refrigerated storage, product development and package selection assistance for the new technology.

Bioactive Resources LLC in South Plainfield, N.J., stumbled into tolling. After FDA banned irradiation of products labeled as organic in 2009, owner Mayur Desai searched for alternative sterilization technology to treat his natural nutraceuticals, settling on a dry steam technology. Drawing on his engineering training, Desai modified the equipment to sterilize powders as well as the spices for which it was designed.

“The beauty,” he explains, “is that every single particle gets subjected to the exact same time and temperature treatment for a 6 log reduction. Other machines we evaluated created hot spots.”



When FDA banned sterilization with irradiation for ingredients sold as organic, Bioactive Resources acquired a dry steam sterilization system with capacity well in excess of its need, prompting the firm to enter the tolling business.

**Photo: Safe Sterilization USA**

The only downside was excess capacity: Bioactive’s throughput only required a fifth of the machine’s available time. Like legions before him, Desai opened his doors to other food companies in need of sterilization and blending services. His Safe Sterilization USA division ([www.safesterilization.com](http://www.safesterilization.com)) now runs two shifts, five days a week, and recently opened a second facility in Reno, Nev., to serve companies on the opposite coast.

## One-stop shops

Service scope at Safe Sterilization is gradually expanding, mimicking a trend occurring in HPP tolling. It’s a reflection both of client need and competitive position. With HPP capacity exploding and new tollers entering the market, service providers are seeking ways to distinguish themselves by adding value.

South Hackensack, N.J.-based Dora’s Naturals Inc. ([www.dorasnaturals.com](http://www.dorasnaturals.com)) exemplifies the new wave. The warehousing and DSD arm of a group that includes Steuben Foods, an aseptic dairy powerhouse, and Mountainside Farms dairy, Dora’s began offering HPP tolling two years ago with a press from Hiperbaric USA ([www.hiperbaric.com](http://www.hiperbaric.com)).

That 55-liter machine has a rated capacity of 550 lbs. an hour, according to Hiperbaric director Jaime Nicolas-Correa, but Dora’s new 525-liter line is rated at 6,500 lbs. an hour. Processing cost, including machine depreciation, is a fraction of that of the smaller unit, allowing Dora’s to offer more competitive service fees. As a consequence, production schedules are filling up, according to David Scheingold, director-supply chain and logistics.

“Tolling is a fee-for-service business, and we want to be doing more than that,” says Scheingold. “Ultimately, we’ll do everything except sales and marketing for our customers.” Bottle blowmolding soon will be added to Dora’s packaging services. DSD routes reach 4,000 stores and restaurants.

Texas Food Solutions (TFS) in suburban Houston is another new toller. TFS ([www.texasfoodsolutions.com](http://www.texasfoodsolutions.com)) is under common ownership with Perfect Fit Meals, a processor of clean-label refrigerated entrees. Perfect Fit was a customer of an HPP toller until TFS commissioned a line from Thyssen Krupp and Multivac in late 2015, quickly adding a second machine from Avure Technologies Inc. in 2016.

Products typically arrive at a toller in their final packaging. TFS has the ability to vacuum pack meals prior to pasteurization. With its sister company's manufacturing expertise, TFS is extending its service menu to copacking and cobranding. Among its partners: Southern Living, the magazine franchise best known for indulgent eating.



Wider carriers have played a big role in increased throughput with HPP pasteurization systems, driving down the prices charged by tollers to food companies.

**Photo: American Pasteurization Co.**

TFS recently secured an export license to better serve clients who are shipping products to Asia and Europe. "It makes sense," comments Jasmine Sutherland, president. "It's a lot of paperwork, but we're the last person to touch the product."

With 10 HPP lines in four locations, Universal Pasteurization Co. ([universalpasteurization.com](http://universalpasteurization.com)) boasts of being North America's largest toller. No service enhancements have been added since the Lincoln, Neb.-based toller was founded in 2010, according to CEO Mark Duffy, but that doesn't mean Universal is a barebones toller. Through its sister company, it is able to offer cold storage services as well as blast freezing, tempering, ink jetting and logistics. Services extend to assembly of meal kits.

"We don't even use the term tolling anymore," maintains Duffy. Shrink wrapping and distribution up to 400 miles from the HPP centers are among Universal's ala carte services. With growing interest in reducing food waste in a market demanding fresh foods, the case for HPP is growing, he says.

Universal's 10 HPP lines each can pasteurize 4,200-6,500 lbs. of packaged food per hour. That gives it the capability to toll for some of the country's largest branded foods, as well as emerging opportunities in foodservice. Chipotle restaurants are among the new recruits to HPP pasteurization as the franchisor attempts to resolve a series of foodborne illness issues.

Demand for HPP tolling is coming from large food companies with their own presses, as well as foodservice and smaller firms that can't justify their own HPP lines, points out Errol Raghubeer, Avure's senior vice president-HPP science & technology ([www.avure-hpp-foods.com](http://www.avure-hpp-foods.com)). During peak demand periods, it makes more sense to send packaged foods out of house than to add more in-house capacity.

"The major tollers are all adding machines, food science staff and sales associates," adds Raghubeer, a microbiologist. He cites a recent report that predicts the value of HPP pasteurized foods will more than double by 2025 to in excess of \$25 billion.

## Recall insurance

Shelf life extension first made the business case for HPP pasteurization, but insurance against a food contamination event increasingly is the driver for HPP and other technologies. Besides Safe Sterilization's dry steam process, irradiation billed as electronic cold pasteurization is an option.

A toll center tailored for fresh produce arriving from Mexico is under development in McAllen, Texas. The opening of ScanTech Sciences Inc.'s facility has been pushed back until the end of 2017; in the meantime, the firm is developing its capabilities in logistics and information services, including traceability and demand planning.

"We don't typically describe our services as toll services because we aren't simply collecting a fee for our treatment," Lindsay Carswell, marketing manager of ScanTech ([www.scantechholdings.com](http://www.scantechholdings.com)), says. "Instead, we think of ourselves as a post-harvest food treatment program." Because product temperature only increases a few degrees, e-beam proponents describe it as cold pasteurization.

Call it what you will, it reflects the response in the service sector to offer more value-add for today's food companies. A toller by any other name faces pressure to offer more comprehensive services.

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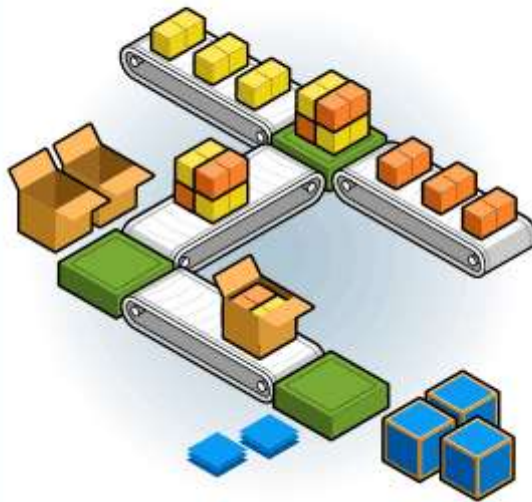
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