

One Size Does Not Fit All

In the Shipping of Temperature-controlled Pharma, Adaptability is Key

Right Place, On Time – More and more pharmaceuticals are now temperature sensitive, which makes shipping much more complicated than simply putting an order into a box, slapping stamps on it and sticking it in the mail.

Lifeconex has high goals: to be the leading provider of temperature-controlled transportation solutions to the life sciences industry; to set new standards in the industry; and to deliver new levels of supply chain excellence. As a joint venture from industry heavyweights DHL, Global Forwarding and Lufthansa Cargo, Lifeconex has been able to make a name for itself over the last several years. Brandt Schuster spoke to the company's chief operating officer, Michael Vorwerk about the challenges in the industry and what the future holds.



Michael Vorwerk
Chief Operating
Officer, Lifeconex

door, but are not in the position to put their money where their mouth is. The industry needs solutions, not talk. Standardization is key, and Lifeconex is committed to pushing it.

Standardization is not only driven by government authorities, but also by pharmaceutical associations, such as the Parenteral Drug Association or the Pharmaceutical Cold Chain Interest Group. I expect the situation to become more structured in the future, making it easier to set up the special infrastructures and needs for the transportation of temperature-controlled substances.

With the increased amount of temperature-sensitive products entering the market, how much of this has been reflected in your business?

M. Vorwerk: This is still a very strong-growing market, and that is also impacting us. The market itself has seen growth between 10–15% over the last couple of years, depending on if you're looking at either chemical- or biological-based pharmaceuticals. Many people don't realize that 20% of the world's best-selling pharmaceuticals are temperature-sensitive, which translates into a strong market with continued growth.

What are the drivers behind this strong growth?

M. Vorwerk: Every fifth drug is temperature-sensitive, and the trend is developing more and more in that direction. Regulatory authorities are also be-

"Whether domestically or globally, the challenges in shipping are the same."

coming more attentive when it comes to transportation, and stricter regulations are driving the need for high-quality and high-value transport. And that is exactly the niche Lifeconex is in, and we have come to benefit from the market growth over the last couple of years.

And how has the increase of biologicals affected your business?

M. Vorwerk: Dramatically. Out of 20 new customers, 12 of them are from the biotech industry – which means there is an increasing need for temperature-controlled shipping here. The volume that this industry ships is not comparable yet to what the rest of the pharmaceutical industry does, but this is a growing market in terms of the need for temperature-controlled transportation.

Do you think biologicals are going to squeeze out chemical-based pharmaceuticals in the years to come, or is there a place for both?

M. Vorwerk: I think there's room and need for both. More and more pharmaceuticals are biological-based, which explains the growth on this side. However, chemical-based pharmaceuticals are still in a growth pattern as well, particularly because of the yet-to-be-confirmed emerging markets, such as China and India.

What role do you see temperature-controlled pharma logistics playing in the next coming years?

M. Vorwerk: It will continue to grow strongly. We might have seen a little slowdown from some of the markets, but there is still a double-digit growth. A lot of market participants – especially in transportation logistics – have seen the need for offering solutions to the pharmaceutical world, and there are more and more companies coming to the market and offering those services. So, the market growth will certainly be shared with some more participants.

As the only life sciences industry-specific provider of integrated end-to-end temperature-controlled transportation solutions, how closely does Lifeconex work with local service providers?

M. Vorwerk: We work very closely with all of our suppliers in the chain. We manage some 300 suppliers in our current portfolio. They come from a wide range of different areas, such as trucking companies, packaging firms, warehousing

if anything else comes our way and we can offer a solution to the customer, then we will do it, even if it's a crisis area or a remote market with no access to one of the 70 most-frequented airports. It might take a little longer to implement that and to set it up, but we do it.

"There is a lot of lip service in the industry."

In the case of war zones, we work closely with the defense and aid organizations of different countries, which have their own logistical setups. Lifeconex will not act personally in such countries, but we do assist organizations to set up the process or solutions for those areas.

How flexible is Lifeconex in terms of being able to respond to the individual needs of different companies?

M. Vorwerk: On the one hand, flexibility is a dangerous word in cold-chain management, I would rather call it adaptability, but on the other hand, that is our business. Everything we do for our customers is tailored. The process always starts with a detailed customer consultation, which then moves into solution development and solution implementation. We only begin the process management step once we are certain

that we are able to implement a decent and manageable solution. Once that is in place, only then do we start the process management together with the customer for the shipment. There is no such thing as a one-size-fits-all solution.

Can you recall a particular situation that called for an extra amount of creativity on the part of Lifeconex?

M. Vorwerk: In Tashkent, Uzbekistan, vaccines were needed for small children. We were active from the very beginning with our logistics partners, setting up a cold-chain supply solution for an aid organization; that was something we had never done before. There was absolutely nothing in Tashkent in terms of infrastructure.

and the temperature monitoring; for us, it is always about the process and the process management. When we develop a solution for a customer, each and every step is documented and signed off by all parties along the chain, including the customer and all service providers. This means we can have between 40 and 50 milestones and up to 15 different suppliers that have to be monitored in order to insure that the integrity of the goods is secured and that they are in the right condition at the right place at the right time.

And if something unexpected happens?

M. Vorwerk: The integrity of the goods must be kept – particularly the temperature – and

"There is no such thing as a one-size-fits-all solution."

We had to literally start from scratch, from convincing an airline to bring high-valuable cold containers into the market, getting them out again, and also keeping the products at the integrity that is needed for the vaccines to be delivered to the final user – who were, in this case, children in Uzbekistan.

If we have a solution that we are able to set up, we will do it – from beginning to end.

How does the cold-chain monitoring system differ from a normal monitoring system?

M. Vorwerk: It's much more than just the cold-chain monitoring

we must have the ability to intervene should something go wrong. The fact of the matter is that each unit of product transported potentially represents a patient's life. If a problem arises concerning temperature or timing, we always have contingency plans and emergency procedures in place. In this business, you can't wait until something goes wrong to react.

All in all, it is a very complex and a very intense monitoring process compared to some logistics monitoring done in the industry.

www.lifeconex.com

Hoyer Awarded Contract at Dow Rhine Center

COMPANY PROFILE The international transport and logistics company Hoyer, with its head office based in Hamburg, won a large-scale logistics contract tendered by the chemical company Dow Deutschland. In the Rheinmünster plant, Hoyer will provide a variety of logistics services with 35 employees. The location at Rheinmünster is part of the Dow Rhine Center, a joint cooperation with the plant at Drusenheim on the French banks of the Rhine River six km away.

This success is the second onsite logistics project of Hoyer for Dow in Germany. The established close partnership between the two companies in the Valuepark of Dow Olefinverbund in Schkopau will be further strengthened.

In July, Hoyer took over not only the filling of liquid and solid epoxy resins immediately after production in the plant of Rheinmünster, but also storage, order picking and dispatch. The company is also re-

sponsible for the bulk loading, IBC and drum filling of latex. Labelling, sampling and lab analyses as well as storage and loading of packed product are included in the service portfolio. Supporting the styrofoam production, the company checks all pallets received out of production and is also in charge of warehouse management, order picking, repacking and the loading of large-size pallets up to 20 m³.

All three production units rely on Hoyer for on-time deliveries of rail tank cars containing raw materials. Dow provides a diesel locomotive, which is operated by radio remote control. Hoyer coordinates the shunting of rail cars onsite. Additional packed raw materials and supplies are delivered by truck. The company is in charge of proper unloading, sampling and storage in specified warehouses, including a warehouse for flammable liquids.

The handling for packaging material includes its admin-

istration, the call off and the disposal as well as the handling of returns. Different access authorisations to Dow's SAP system have been created in order to book incoming or outgoing stock as well as raw materials. A new warehouse management system has been installed to monitor all movement of goods until they are dispatched.

Within the scope of the logistics services Hoyer will introduce a continuous improvement process programme, monitored by an Improvement Committee of Hoyer and Dow employees. This will ensure a permanent streamlining of logistics processes and workflow in the plant of Rheinmünster with the objective to generate annual savings possibilities.

During the tender process, Hoyer made use of its Logistics Costing Audit Tool (LAT). The LAT enables Hoyer to analyse, visualise and calculate existing as well as completely new and unknown process flows on

a very detailed and accurate basis.

The conversion of process frequencies into number of FTE is based on time benchmarks for each process. These benchmarks are the result of a comprehensive research and define the length of each standardised logistics process. Taking the frequency into account, the LAT is able to calculate the overall required number of FTE for the entered process frequencies. Specific customer processes, which deviate from the standard processes, are adjusted accordingly. Hoyer has evaluated the number of equipment units required for the execution of all logistical activities within a service package.

Contact:
Hoyer GmbH
Hamburg, Germany
Tel.: +49 40 73044 416
info@hoyer.com
www.hoyer-group.com

Most may see it as a day stranded at the airport... we see extra measures to prevent your product from freezing.



It can be difficult to predict weather conditions months in advance. At LifeConEx our proactive process and intervention management allow us to intervene and ensure your products stay safe in transit. Cool chain doesn't just mean keeping things cool, but managing storage conditions to maintain the correct temperature. We have a system in place that assures that your global transport needs are met. LifeConEx ensures your precious cargo gets delivered to the right place, at the right time, and in the right condition.

LifeConEx
A Matter of Degree

www.lifeconex.com • 1.954.538.3939

chemanager-europe@gitlerlag.com