

Sascha Herzig - President and CEO, E.T.H. Cargo



Puerto Rico is a small island, but it has immense potential and ambition to once again shine as a leader in pharmaceuticals, medical devices, research, and the burgeoning field of cell and gene therapies

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Sascha Herzig, President and CEO of E.T.H. Cargo, provides valuable insights into the company's journey over the past five years and its key developments since COVID-19. He discusses the evolving logistics landscape in Puerto Rico, highlighting the critical role of the island as a hub for life sciences and the pharmaceutical industry. Herzig also delves into the potential for Puerto Rico to further solidify its global recognition as a strategic logistics player, calling for continued collaborations across local stakeholders and a more conscious effort to advocate for the island's reputation.

Sascha, you were first interviewed by PharmaBoardroom in 2019. Can you begin by providing an overview of what have been E.T.H. Cargo's key developments over the past five years and highlight the company's focus areas today?

Of course, the pandemic has since come to an end, and during this time, E.T.H. Cargo has made significant strides in becoming more technologically advanced. We have integrated the technological features we were aiming for, including more advanced software for shipments and shipment tracking. This has transformed us into a much more technology-driven company.

A major milestone for us was becoming IATA CEIV Pharma certified. This achievement was largely thanks to the support of the Department of Economic Development and Commerce (DDEC) who reached out to Puerto Rican companies involved in the pharma sector. Their goal was to promote Puerto Rico's pharma industry and encourage key stakeholders to achieve CEIV Pharma certification. E.T.H. Cargo was one of the seven companies to join this initiative and, notably, the first in Puerto Rico to receive this certification. It required a lot of hard work, but with the dedication and effort of my incredible team, we made it happen.

Today, our primary focus remains on serving the pharmaceutical, life sciences, and medical device industries in Puerto Rico. We aim to expand our service offerings while continuing to deliver the high level of customer service these industries require. There has been a noticeable shift in how companies in these sectors approach logistics. Many are now looking for strategic partners who truly understand the Puerto Rican market and can help manage and export their products globally. We also need to ensure that we align ourselves with partners at destination who similarly have pharma expertise or certifications.

While multinational forwarders and logistics companies are present, what these organizations value most is a partner—not just a service provider—who can work closely with them step-by-step. This includes ensuring full compliance in cold chain transport, which is critical for their operations. Our ability to provide this partnership is what sets E.T.H. Cargo apart.

How have pharma's demands of its logistics partners shifted over the past few years, especially after the wake of COVID-19? How has E.T.H. Cargo adapted to these changes?

There has certainly been a significant shift in pharmaceutical logistic needs. During the pandemic, air cargo capacity was extremely limited, and the primary focus for exporters was getting their products to the end customer as quickly as possible while maintaining the cold chain. Now, with increased cargo capacity and the pandemic behind us, the focus has shifted toward cost-effective options that still guarantee product integrity and cold chain compliance. Additionally, customers are placing greater emphasis on customer service, ensuring strict adherence to requirements, and minimizing any potential excursions or deviations.

E.T.H. Cargo has adapted to these changes by implementing advanced technologies, including real-time tracking systems. For some of our customers, we now provide real-time temperature and GPS trackers as a value-added service. This ensures constant monitoring of the products' temperature and location, allowing us to prevent any detrimental excursions and maintain product integrity. These products are often life-saving medications, so it is critical to guarantee their quality and safety throughout the supply chain.

Furthermore, real-time monitoring helps us combat counterfeit infiltration and provides customers with full visibility of their shipments. From the moment the product leaves the facility to its safe arrival at the destination, we ensure complete oversight. As pharma companies continue to prioritize product integrity, quality, and on-time delivery, we expect real-time tracking and enhanced monitoring to become a standard requirement across the industry. These trends underscore the importance of logistics providers like E.T.H. Cargo to being strategic partners who can meet these evolving demands.

Are there any new technology trends in the logistics sector that E.T.H. Cargo is focusing on?

Like many companies, we are closely exploring AI and its potential to revolutionize logistics. AI is undoubtedly the future, but we understand that its implementation needs to be strategic and thoughtful. There is a lot of buzz around AI, but if it is not introduced strategically, it simply will not provide any real value. Our goal is to implement AI in a way that benefits not just our company but also our staff and, most importantly, our customers.

For 2025, we plan to roll out AI solutions to help optimize product movement. This will allow us to enhance operational efficiency, improve tracking, and ultimately streamline processes for our customers both at the origin and destination. However, the key will be integrating AI in a way that enhances the user experience and adds value at every step. Our focus is not just about adopting new technology, but ensuring it genuinely serves our goals and those of our customers.

Several other stakeholders in the Puerto Rican logistics sector have mentioned the challenges of severe climate and its impact on the island's infrastructure. What is E.T.H. Cargo's strategy to fortify its operations in the face of these undepictable challenges?

It is impossible to be fully prepared for every potential challenge, whether it be earthquakes, pandemics, or increasingly severe hurricanes. These events are becoming more frequent and unpredictable due to climate changes—hurricanes, for instance, are forming earlier in the year than we have been used to, with the season lasting longer. We now face a reality where a catastrophic hurricane could occur at any time during the season, not only the peak months, so we must stay proactive.

At E.T.H. Cargo, our strategy centers on the constant review and refinement of our Business Continuity Plan (BCP). Regular drills and simulations allow us to identify and address gaps in our preparedness. While no plan can ever be perfect, having a robust and regularly updated BCP ensures that we can manage disruptions effectively. This is especially critical for our role in handling pharmaceuticals, medical devices, and life sciences products, where maintaining the supply chain is vital.

Pharmaceutical manufacturers also have their own BCPs, and they expect logistics partners like us to match their level of preparedness. By maintaining up-to-date plans, we ensure continuous access to air and ocean shipment capacity, even during crises. Success in overcoming these challenges depends on staying vigilant, conducting frequent reviews, and collaborating closely with our clients to align contingency strategies.

Another challenge often discussed in this sector is attracting skilled and reliable talent. How much does this aspect impact E.T.H. Cargo's operations and how do you manage this human resource gap?

Access to skilled personnel is a challenge, not just in Puerto Rico, but globally. From my recent travels to conferences in Dallas and Vienna and conversations with colleagues in the logistics industry, it's clear that talent shortages are a common issue across many countries. The key to managing this, at least in logistics, is being competitive in what you offer to employees. Compensation, flexibility, and benefits like hybrid work options can go a long way in attracting and retaining talent.

The younger generation, in particular, has different expectations for their work environment compared to older generations. They tend to value work-life balance, flexibility, and purpose in their roles. Adapting to these new expectations can be a challenge for companies that are used to more traditional workplace structures. However, this shift is inevitable as younger generations enter the workforce, and it's something companies need to embrace if they want to stay

competitive. At E.T.H. Cargo, we recognize these changes and are focused on offering an environment that meets the evolving needs of our employees. It's about creating a workplace where they feel valued, motivated, and aligned with our goals.

From our discussions with other logistic providers, we have seen that Puerto Rico has a unique dynamic where players in this space come together to make the island more attractive overall. What is your perspective on the level of collaboration across local businesses to strengthen Puerto Rico's logistics ecosystem?

Recently, the Air Cargo Community in Puerto Rico was established, which I believe is a fantastic initiative. For the first time, all stakeholders in the supply chain—shippers, airlines, ground handlers, and others—have come together in a neutral forum to discuss and address challenges collaboratively. This platform allows shippers to voice their needs, airlines to share their constraints, and everyone involved to ensure there is clear communication and compliance in managing critical products like pharmaceuticals and medical devices.

These products are not just commodities—they save lives. It is vital to instill a sense of ownership and responsibility at every level of the supply chain. For example, explaining to a truck driver that the product they are transporting might one day save a loved one's life can help establish a personal connection and added responsibility to their role. Similarly, helping stakeholders understand the global significance of Puerto Rican exports can bring pride in their contributions to the island's success.

By combining pride in Puerto Rican manufacturing and logistics with ownership of the responsibility to handle these products correctly, we can strengthen the entire ecosystem. Open discussions about limitations, opportunities, and innovative ideas across the logistics sector can help Puerto Rico reclaim its position as a leading global hub for pharmaceuticals and life sciences—restoring the prominence we once had.

How is the current political and economic climate in Puerto Rico and the U.S. affecting the logistics sector, particularly for life sciences?

Certainly both the political and economic situations of Puerto Rico and the U.S. present challenges, but also opportunities, for the logistics sector. With a new Puerto Rican governor and the recent election in the U.S., we are curiously waiting to see the impact further down the line. Continuity in

governance at the state level could help sustain the momentum of initiatives that have been driving investment and recovery in Puerto Rico since Hurricane Maria. These efforts have helped rebuild Puerto Rico's reputation as a viable destination for manufacturing and investment.

Economically, Puerto Rico has been battling a prolonged recession—though there has been some positive growth recently. However, one of the most pressing issues is the island's fragile electrical grid. For pharmaceutical and medical device manufacturers, a stable and reliable power supply is critical. Many of these firms have resorted to investing heavily in alternative energy solutions like solar panels and co-generators because they lack confidence in the grid's reliability. Unfortunately, this added burden discourages investment and creates unnecessary costs.

To strengthen Puerto Rico's position as a life sciences hub, urgent attention is needed to rebuild and modernize the power infrastructure. A resilient, affordable, and reliable grid would reduce costs for manufacturers and bolster confidence in the island's long-term viability as a production base. Without addressing this foundational issue, it becomes challenging to attract and retain the investment needed to sustain economic growth and the logistics operations that support these industries.

How involved is the government in advocating for renewable energy in Puerto Rico?

There is a significant push for renewable energy in Puerto Rico and given the island's climate with abundant sunlight throughout the year, solar energy is of course a main focus. However, there are challenges in expanding renewable energy, particularly around storage capacity. While solar power is a great resource, the real challenge is ensuring we can store that energy effectively for use when the sun is not shining. Beyond solar, there is also potential in wind and hydroelectric power, and there are already two sizable wind farms in operation on the island.

Overall, although there is opportunity in renewable sources, more investment in energy storage is needed. As for now, we need a balanced energy approach that combines renewables with some form of backup whether that be fossil fuels or emerging clean energy technologies.

While manufacturers are increasingly investing in renewable options to meeting part of their daily energy needs, reduce operational costs, and improve their energy self-reliance there still needs to be a greater collaboration between the businesses and the government. By identifying the gaps in renewable energy practicality, there can be more opportunity to invest and leverage these technologies.

Within recent years, have you perceived any shift in how Puerto Rico is perceived globally within the life science and logistics sectors?

Recently, I attended two key conferences in the pharmaceutical logistics sector in Dallas and in Vienna. These gatherings are significant platforms for discussing global trends in pharma exports and imports, as well as identifying emerging players in manufacturing and distribution. However, it was disappointing to see that Puerto Rico was not mentioned in any major discussions or presentations at either event. Countries like the United States, Switzerland, Ireland, and Belgium were highlighted as major players, but Puerto Rico's significant contributions to pharmaceutical and medical device exports were sadly overlooked.

I raised this issue with the speakers and was surprised to learn that many were unaware of Puerto Rico's role as a leading exporter of blockbuster pharmaceutical products and its hosting of top global manufacturers. Despite improvements in the past decade in promoting Puerto Rico through initiatives like Invest Puerto Rico and other inter-corporate efforts, there is still considerable work to be done. We need to amplify our presence on the global stage—particularly in Europe, Asia, and South America—showcasing Puerto Rico as a competitive player alongside the largest countries in pharmaceutical exports. While we are a small island, our impact in the pharma industry rivals that of much larger regions, and it is crucial that we make this known worldwide.

What do you consider to be the key success factors for Puerto Rico to better market itself as a logistical powerhouse?

The key to better marketing Puerto Rico as a logistical powerhouse lies in the collaborative efforts of both the government and the private sector. For example, during my attendance at recent international conferences, I noticed that Puerto Rico was absent from discussions or maps highlighting the U.S. as a pharmaceutical export hub. This lack of visibility needs to change. Puerto Rico may not be a state, but its contributions are integral to U.S. export statistics as reflected in Census Bureau data. Both the public and private sectors must take pride in promoting what Puerto Rico produces, its export reach, and its role in the global supply chain.

Industry leaders, including those in logistics and manufacturing, alongside government initiatives, must actively highlight Puerto Rico's achievements and capacities. It is essential to stress that Puerto Rico exports billions of dollars' worth of products globally, including to the U.S., Europe,

South America, and Asia. By consistently advocating for Puerto Rico's inclusion in global discussions and showcasing its ability to produce blockbuster pharmaceutical products, awareness can grow. This, in turn, will attract further investment and recognition.

Moreover, bringing together stakeholders to maintain cold chain logistics and ensure compliance demonstrates Puerto Rico's ability to operate at the highest standards. By proving that Puerto Rico, despite its size, competes effectively with the world's leading nations, we can elevate its reputation as a logistics and life sciences hub.

As an island, do you see a potential for Puerto Rico to position itself as a global hub for the air freight segment?

I absolutely feel Puerto Rico has great potential to position itself as a global hub for air freight. Recently, we have seen increased capacity from airlines which is a clear indication that Puerto Rico is once again being recognized for its strategic location and importance. Airlines are supporting the needs of businesses and manufacturers here by ensuring that there is adequate capacity to handle shipments. This includes ensuring there are no bottlenecks in terms of available destinations or capacity. From Puerto Rico, nearly every destination in the world can be accessed with one or two stops which is a significant advantage for us.

However, there is always room for more capacity. The more airlines that come to Puerto Rico with wide-body aircraft or other capabilities, the better. This would give companies even greater confidence in knowing that any products they manufacture here can be efficiently exported and reach their destinations worldwide. While there is still work to be done, I believe Puerto Rico is well on its way to becoming a key player in the global air freight industry.

What final message would you like to deliver to the global healthcare and life science community on behalf of Puerto Rico and E.T.H. Cargo?

I want to share a message of optimism and opportunity. Puerto Rico has undergone significant positive changes in recent years, particularly with the increase in air cargo capacity, offering better services and access to more destinations. While ocean cargo has remained stable, air cargo continues to be pivotal for the pharmaceutical sector, and advancements in certification, such as CEIV Pharma certification, demonstrate our commitment to global standards. These certifications should inspire confidence in manufacturers and companies considering expanding their operations

or entering Puerto Rico.

Puerto Rico is a small island, but it has immense potential and ambition to once again shine as a leader in pharmaceuticals, medical devices, research, and the burgeoning field of cell and gene therapies. The future of medicine lies in targeted, patient-specific treatments, which require the highest levels of precision and care—what I call a “diamond glove service.” Puerto Rico has the capabilities, infrastructure, and skilled workforce to excel in this space.

Furthermore, the Puerto Rican government remains proactive in attracting investment, and the continued presence and expansion of top global players in the region underline the island’s strength and reliability. To any company considering Puerto Rico, rest assured that we have the expertise, resilience, and infrastructure to compete with the best in the world.

On a personal note, what excites you most for the future as the President and CEO of E.T.H. Cargo and how do you keep your team motivated to continue the company’s growth trajectory?

What excites me most about the future is the continuous opportunity to grow and innovate alongside a team that shares my vision. Challenges and uncertainties will always exist, but they drive us to adapt and improve. One of the proudest moments in my career was achieving CEIV Pharma certification, which was only possible due to the dedication and hard work of my entire staff. By involving my team in this milestone, they saw firsthand the impact of their contributions and developed a deep sense of ownership. It is essential for me to continue sharing my goals and vision with them, ensuring they feel included in the journey we are undertaking as a company.

As a leader, I believe that motivating my team involves fostering an open environment where everyone feels empowered to share their ideas and provide feedback. Many of the improvements we have implemented originated from the input of our team members. By valuing their voices, I hope to ensure that every individual feels like a vital part of our success.

Looking ahead, I am optimistic about Puerto Rico’s growing role in the life sciences and logistics sectors. While uncertainty often follows elections, I believe the island is positioning itself as a critical player in the global pharmaceutical industry. Stability within my team is essential to maintaining our high service standards, and by continually investing in cutting-edge technology, we are setting ourselves up for an exciting future. I am particularly eager to see how we evolve and capitalize on the opportunities in 2025, and I am confident in my team’s ability to help E.T.H. Cargo reach new heights.

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