

# Interview: Daniel Pardo Bejarano - CEO, BOMI Mexico

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***BOMI Mexico is not simply a healthcare logistics company: we are an extension of the pharmaceutical and medtech industries.***

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24.08.2016

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*Daniel Pardo Bejarano, CEO of BOMI Mexico, details the competitive advantages and the unique business approach that make BOMI the logistics partner of choice of the Mexican healthcare industry, while the fast-growing company holds the ambition to double the size of its business over the next four years.*

**After more than 20 years at DHL, for which you were notably President for Supply Chain Mexico and Latin America of the Life Sciences sector, you decided to join BOMI Mexico almost a year ago. What key specificities of BOMI motivated you to embark on this new challenge?**

Over the last five years, BOMI Mexico experienced significant structural transformations and was ultimately acquired by a group of Mexican private investors. The latter had the ambition to adopt a disruptive approach in the way we service our clients and fully leverage the agility and the level of sophistication we can deliver by being a healthcare specialist. As a matter of fact, being a logistics company fully and solely dedicated to the healthcare and life sciences industries stands out as a unique and particularly attractive positioning in Mexico.

Furthermore, most logistics companies implanted in Mexico have decided to concentrate their efforts on the largest tier of the industry. Nevertheless, more than 80 percent of the companies that make up the overall Mexican healthcare eco-system belong to the smallest tier. This creates a huge market opportunity for BOMI to bring our expertise to numerous, underserved healthcare companies, which is also particularly interesting.

In the meantime, BOMI has been heavily investing in its cold chain infrastructure, comprising our storage facilities, our fleet of specialized trucks but also our in-house packaging technology. As a result, we can handle the most exigent and fragile treatments in the market and guarantee the most stringent temperature management throughout the entire supply chain, which is – once again – a very exciting competitive advantage. In this regard, BOMI is not only targeting smaller, underserved healthcare companies, but can also perfectly service the most highly specialized of these players.

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From a personal standpoint, moving from DHL to BOMI also meant I had to adapt my management style to the size and the processes of a smaller-scale but specialized logistics company and learn new and different approaches to meet customer demands. Finally, heading a local player focused on the Mexican market also provides me with the opportunity to personally oversee at a closer level the end-to-end supply chain of our customers, which is rarely the case when you work for a large company.

### **How does BOMI's agility concretely translate into a competitive advantage for your customers?**

When a new client starts partnering with us, we can ensure its complete supply chain will be up and running in only three or four weeks, which is absolutely unrivalled in the overall industry. In a sector where M&A activities have recently reached unprecedented levels, our agility is absolutely crucial to ensure these companies' supply chains don't delay the overall integration of their product portfolios and processes.

Furthermore, as an independent, locally-owned healthcare specialist, we hold a greater margin for maneuver to adapt our own processes to the specific needs of our clients, even if they would require significant investments to further develop our company's capacity. While multinationals have to reach out to their global headquarters before conducting these investments, we can take such decisions very easily and swiftly adapt to our customers requirements – even if they go beyond usual industry standards.

Finally, as a healthcare specialist, our quality system was already above and beyond the required industry standards and regulations in force in Mexico. Some pharmaceutical companies implanted in Mexico are currently struggling to comply with the recently released upgrade of the NOM-059 norm [impacting pharma and API manufacturing] while BOMI's processes already complied with these new standards even before they were actually released. Overall, we fully comply with all

Cofepris' regulations, and we are then ready to help the companies that strive to raise the bar and deal with the strengthening of Mexico's regulatory framework.

**What is the growth objective that you set yourself then taking over and what are the most promising, untapped business opportunities that would help you fulfill this vision?**

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Considering our unique value proposition, our structural strengths, and the positive trends occurring in the Mexican healthcare logistics market, we hold the ambition to more than double the size of our business over the next four years. Nevertheless, to fulfill this growth vision, our approach isn't only to implement an aggressive commercial strategy, but truly to build a long-standing relationship with our customers. Given our unique positioning on the market targeting smaller, specialized companies, we know our services are crucial to these clients. In turn, as a company only operating in healthcare, our customers also are extremely important to us.

We currently identify some promising, untapped growth opportunities in increasing our collaboration with health centers, clinics and both public and private hospitals. Year after year, the number of clinics, health centers and even hospitals newly built in Mexico keeps on increasing. Nevertheless, these crucial health stakeholders face tremendous difficulties in managing their stock inventory. In a hospital, it is also not always easy to ensure the right equipment or treatment is purchased at the right time and deliver at the right place or to the right patient. Furthermore, efficient supply chain management becomes evermore complex for hospitals groups, which oftentimes rely on both separated and consolidated purchasing schemes and inventory processes.

In this regard, providing these institutions with greater visibility of their stock and purchasing needs while taking care of their overall supply chain management can make their resources allocation more efficient. BOMI already holds a significant experience in working with some private and public hospitals and health centers across the country, and we now want to leverage this experience and offer our services to the entire hospital and clinic sectors. Although meeting the needs of this promising customer category may seem extremely appealing, it will also be challenging in some respects. First, the number of health centers in Mexico is increasing so rapidly that it is difficult for us to keep up with the growth of the market. Second, this market is extremely fragmented and geographically scattered. This means we have to adapt our internal processes to maintain a similar level of cost-efficiency as when servicing our other customers.

**Talking about cost-efficiency, what are the rooms for improvements or opportunities that you identify for BOMI to become more efficient, cheaper, or quicker in the way you**

## **conduct your own operations?**

As logistics companies, we operate at the center of an eco-system that gathers our customers' manufacturing facilities, their medical and sales departments, and their customers. As a result, generating a greater cost-efficiency relies on our ability to better align our services with the needs and requirements of these different ends. When a customer's sales department has an agreement with their customers, whether it is a doctor, a pharmacy or a hospital, we have to optimize the information flows between these different stakeholders and fully leverage our expertise to deliver an efficient and high quality of service.

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Furthermore, becoming more efficient also implies we more accurately identify and understand the needs of our customers. Nowadays, the idea that "the faster, the better" is widely accepted among the logistics industry. Obviously, many of our customers are ready to pay an additional fee to access short-delivery or complex services, and we have to be able to deliver this kind of solutions as well...when it is actually needed. We indeed still see healthcare companies that are not willing to pay a heightened price for such services, because it simply doesn't meet any of their needs or their contractual agreements. As a result, these customers desperately look for a more traditional service offering that some of our competitors are reluctant to offer, as they are invariably focused on the higher-end of their service portfolio.

The concept of the "right level of service" significantly varies from a customer to another. Our mission isn't to *assume* that would be best for a given partner, but to truly *identify* their needs and provide them with the solutions that will make their operations more efficient. Finally, by being truly centered on the actual needs of your customers, we ensure that, when improving our internal processes, our clients will fully benefit from our heightened service delivery.

## **What is your strategic approach to further expand BOMI's service offering in Mexico?**

In 2016, seven new customers have already decided to choose BOMI as their logistic partner in Mexico, which clearly confirms the Mexican market acknowledges the value of our service offering. For these new customers, we have been specifically developing five new, innovative services, which could be deployed to a wider client base.

At BOMI, we are constantly looking at how we can further help our customers manage their supply chain. For instance, we identified some international companies entering the Mexican market didn't want to bring their full back office to Mexico. As a result, we decided to offer them the opportunity to handle their order-to-cash processes through our own platform, including inventory allocation and invoicing – on behalf of their Mexican legal entity. This kind of service offering is unique in Mexico, and we just started to implement it for a first company. By easing newcomers' market entry and reducing their investment cost, BOMI thus plays a critical role in bringing new international, healthcare players to Mexico, which at the end of the day will be beneficial to Mexican patients.

**BOMI holds eight different cross-dock points where you send consolidated shipments, which are then broken down into different deliveries, and you recently added warehousing facilities in Guadalajara and Monterrey. Following your growth target and the growing clients need you identify, how do you expect to upgrade your current footprint in Mexico?**

The cities of Mexico City, Guadalajara and Monterrey make up around 67 percent of our total volume. However, we identify a need to slightly develop our storage capacity at the end of our distribution lines, by setting up small, flexible warehousing facilities. We also envision strengthening our fast-delivery services throughout the Mexican territory, in order to be able to reach within 24 or 48 hours any location in the country.

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Nevertheless, remaining cost-efficient is our utmost priority. In this regard, we want to avoid pushing important stocks to a supply-chain end where they won't be used. As a result, we won't develop massive warehousing options at the end of our distribution chain, and we rather focus on reaching as rapidly and efficiently as possible any isolated customer from our centralized warehousing facilities.

**What will be your final message to the healthcare companies implanted in Mexico which haven't yet decided to partner with a healthcare logistics specialist?**

Our Mantra is "Saving and Improving Lives", fulfilling our life-changing mission isn't only a corporate objective; it is a personal commitment for all our employees. Our people are fully aware that if they don't perfectly cope with their responsibilities, a patient will eventually have to wait for receiving highly needed treatment or a hospital won't be able to conduct surgeries. Our approach goes beyond business rationales: BOMI really strives to make a difference on a daily basis and

bring a heightened value to its customers, as well as to the patient and healthcare communities in Mexico. In several cases, we are fully replacing healthcare companies' supply chains, which is a tremendous responsibility.

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