Interview: Renate de Walle – Director Pharma; Fabrice Panza – Sales & Business Developer Manager Pharma France, AFKLM Cargo, France



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AFKLM Cargo's Director Pharma, Renate de Walle and Sales & Business Developer Manager Pharma France, Fabrice Panza speak about AFKLM Cargo recently achieved IATA Centre of Excellence for Independent Validators Pharma (CEIV) certification as a significant milestone for the airline group and another step towards their ongoing focus on innovation and improvement of their global pharma network processes and facilities.

How important is the Pharma sector to AirFrance KLM Martinair Cargo?

Pharma is a top priority for our group because it is not just freight or general cargo where we don't know the contents, it is pharmaceutical products. Pharma products represent an enormous challenge since we are dealing with people's health. It is all about patients.

We are dealing with complex, sensitive but also high value products where no mistakes can be made on the side of logistics. The consequences could be disastrous for people's health if not handled properly. The difficulty lies in the fact that the logistics involves a lot of manual procedures where most errors can be made. Therefore, transporting healthcare products by air needs the establishment of complex logistical methods in order to maintain product integrity. It requires specific equipment, storage facilities, harmonized handling procedures, and great collaboration and management. As a company we have a "top down" focus but also a "down top" focus which is

essential for shipping pharma products.

How is your company organized?

We are global and local. We are global in the way that we deal in countries all over the world but local in the way that we have experts in countries we work in, and who know the logistics specifics of those countries. We have 16 Pharma Logistics ISMs (International Sales Managers) around the world helping us ensuring the best possible service.

We can say that AFKLM works as a mirror organization between Airfrance and KLM. Indeed, we have major two hubs, Roissy Charles De Gaulle airport in Paris and Schiphol airport in Amsterdam, as well as two major warehouses and two operations systems with closed cold chain (cold containers) and controlled cold chain (where the temperatures are controlled and adjusted).

What were the reasons for AFKLM Cargo obtaining the IATA's Centre of Excellence for Independent Validators Pharma (CEIV) certification?

Since I started in this position as the global pharma director my priority and main focus has been to innovate. My mission has been to develop our pharma freight. From 2008 to 2013, we witnessed a growth of six percent in pharma air cargo. From 2013 to 2018 we are expecting a 12 percent growth. This sector is on the rise which is why we needed to be thinking more long-term and this in turn, enticed us to get the certification.

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Previously, we were compliant with the Good Distribution Practices (GDP) guidelines but this was not enough, we wanted to be certified. It was extremely important for us to go a step further, because with just guidelines there is room for interpretation. We needed a standard that we could show to our clients. It was also a way to challenge ourselves. Today you need to be GDP compliant to be in pharma logistics, those that are not cannot work as a logistics provider. By taking a step forward we have set ourselves ahead of our competitors.

As a major airline shipping pharmaceuticals, we had a role to play in setting up standards which would then help the whole industry that will later on have to embrace those standards as well.

This certification is a significant milestone for our airline group since it reassesses our ongoing focus on innovation and improvement of our global pharma network processes and facilities.

In the end, with our two hub operations and respective operating carriers being certified, we are able to concentrate even more on executing lane assessments to identify risks and implement the

appropriate mitigations in services and processes. This will result in further enhancement of our global pharma network capabilities.

How long is the certification for?

It took us two and half years to get this certification and it is valid for two years, meaning that in two years only we will have to go through the whole process of becoming certified again. It might sound like a short period of time, but we consider this to be very positive. This will force us to do self-inspection as an internal and external proof of quality, and this will allow us to stay at the same level of excellence. We today hold four certificates, two for Airfrance and KLM as airlines as well as two for the warehouses and trucking systems. We are certified from acceptance of the goods to the delivery when the plane lands.

What impact will this certification have on your future?

The impact has for the time being been internal since it is the acknowledgement of the quality of our service. It doesn’t mean that Lufthansa doesn’t have any pharmaceutical shipments anymore! I believe this certification is going to encourage more and more stakeholders to become certified. There are actually fourteen in the pipe line and ninety-nine other are thinking about it according to IATA from airlines, forwarders, truckers… It is a great step forward for the industry as a whole since having a certification that obliged people to work with strict regulations encourage them to closely cooperate. You need to trust your partners so that you ensure the best logistics possible and apply the regulations perfectly, thereby keeping your certification.

How do you improve your processes?

To improve our process, we try to do what we say. We have to work with many exterior stake holders who have different processes which can be a challenge. Additionally, when we export we have to face huge temperature differences in South America or Asia for instance. But the most difficult part is to face different regulations in those countries. Customs can take extremely long in some countries which compel the merchandise to wait on the tarmac. Difficulties often happen on the tarmac which are not easy to control.

We produce great CAPA (Corrective Action on a Preventive Action) so when there is an irregularity, you need to know what happened, how it happened, what should be done to prevent it, and which corrective and preventive action should be taken. We also run tests for two months allowing us to innovate and control our logistics. For instance, we work a lot with UNICEF when there is an outbreak; we can move fast and answer an urgent need in a complicated place. We have to adapt

very quickly within an extremely complex environment.

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Compared to the other major European airlines, how does AFKLM differentiate itself in cargo services to the pharma sector?

AFKLM has been the first and is the only company today that has the CEIV certification. This constitutes a major difference in term of quality and focus on continual improvement.

Additionally, we have a huge network going directly to more than 250 destinations from Europe which is a major reason to choose us.

We have a long-term, trackrecord expertise in the pharma industry and have developed dedicated pharma products based on the exchanges we have continuously had with all the stakeholders. Our experience, knowhow and relationship with clients makes us the partner of choice. We know the industry and are also part of different healthcare associations which allows us to be more knowledgeable and always informed on the industry, therefore enhancing our pharma logistics. The more we know, the more we can anticipate the future trends of the market.

We are also providing a monitoring system, “Track & Trace” that our clients shipping pharma can use. We can precisely tell our clients where their shipment is, at which temperature, and in which area – all this in real time. The fact that we have always worked with different industries allows us to be very reliable, reactive and adaptive, especially when it comes to significant deals thanks to our internal tools.

Finally, we are acting on two hubs and not only one, like most airlines; we have main deck capacities and low deck capacities, and we have more than 65 Boeing 777s which are the widest airfreight capacity planes.

Roissy-Charles de Gaulle airport in Paris is the second largest airport in Europe in term of freight after Frankfurt – with 2.1 billion tons handled – and Schiphol airport in Amsterdam is the third – with 1.6 billion tons. We therefore hold the major hubs in Europe. Additionally, having two hubs that are close to one another is an important advantage. If the capacity of one is being reached to the maximum, we can easily transport by truck the merchandise from Amsterdam to Paris for instance and have it shipped from our other hub and still delivered on time.

Considering the French environment, often perceived as tense between unions and management, how do you reassure your clients that these are only “perceptions” and that you can meet your clients’ expectations in due course?

First of all, we are not on strike today! More seriously, some political aspects have to be taken into account regarding the global economy. It is not only AFKLM Cargo that is concerned, it is the same for Lufthansa for example, when you look at what happen to them last year. No matter the industry, we can notice the trend of more productivity being asked for. It is the same with airlines. When there is a strike, AFKLM can really be adaptive. We have been well capable of dealing with strikes by communicating clearly with our clients. We are transparent with them and we tell them that it can happen. In the same way, pharma firms have no guarantee that a drug will work. In the end, if a strike happens we will do our best to overcome it. Communication and transparency are really key in those circumstances and that is exactly what AFKLM does.

Where would you like to see your operations in 3 to 5 years’ time?

I have a dream of a general standard that would be mandatary. I believe that our CEIV certification will help us to reach that point. This is why we want to jointly raise the bar as an industry; collaboration with all parties throughout the logistics supply chain is now just starting, allowing the whole industry to advance faster and better.

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