Interview: Thomas Page – Vice President of Contract Logistics and Healthcare Asia Pacific, UPS, Singapore



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In an exclusive interview with Tom Page, the Vice President of Contract Logistics and Health Care Asia pacific at UPS, he emphasizes the strategic importance of Singapore as a logistics hub to Asia Pacific and how UPS supports the region's increasingly intricate global supply chain needs in healthcare.

With extensive experience in UPS within South and Central America and Singapore, could you introduce yourself to our international audience and what attracts you specifically to supply chain management and healthcare?

My name is Tom Page and I am the Vice President of Contract Logistics for Asia Pacific. Healthcare logistics is also under my portfolio as well. In terms of my supply chain experience, I have been practicing for 34 years and I have seen it evolve tremendously. During this time, companies quickly expanded globally and traded in local proximity suppliers for global suppliers. This has increased the need for professionals that understand international trade, customs, transportation and the intricacies of global supply chain networks.

This is a very exciting field to work in because it is so dynamic. When I come to work, no two days are ever the same. The healthcare space specifically, is the fastest growing and the most complex. What drives the complexity is the increasing customer demands for better performing drugs and medical devices and the proliferation of that on the service providers. Healthcare logistics in itself

is not for the faint of heart and this is especially true in Asia Pacific where regulations vary greatly from country to country. This region has the least homogeneous landscape from the standpoint of healthcare. What happens in Australia is significantly different from what happens in China – and that keeps it challenging.

Many envision the brown trucks when picturing UPS, although the company has developed their services into consulting solutions and industry-specific 4PL services. Could you elaborate on the services regarding holistic supply chain solutions and specifically to the region?

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One thing that is unique about UPS is our structure and engagement model. We have a “one UPS platform”. This means that when one of our sales and business development executives engage with our customers, they bring access to all the resources and capabilities that we have to offer. They have access to our experts throughout the entire supply chain from transportation, express, forwarding, contract logistics, or trade management services. These capabilities are all under one umbrella, which means UPS can assess each customer’s supply chain needs and offer holistic solutions since we do not have to partner with another organizations. This approach to problem solving is not currently widely available in the market. Many of our competitors separate these segments of the supply chain, or they lack pieces of supply chain expertise.

As a major contributor globally for these developments, could you elaborate on how the increase in complexity of healthcare supply chains has driven a need for holistic solution providers?

The healthcare industry’s network is especially unique because unlike many companies that operate in a regional fashion, the healthcare space operates within a global network. We have customers that are making a product in Singapore and then finalizing that product in Puerto Rico, for example. Products in healthcare are more global in nature, rather than regional. That complexity in the healthcare space requires acute management of the product in vital areas such as temperature and humidity as it moves across the entire world. UPS recognizes that our customers are faced with difficult supply chain decisions and we sit down with our customers in order to find solutions. In most cases we can provide solutions either directly or indirectly as we have a portfolio that we can hybridize to tailor to the needs of our customers, but we will also identify solutions and point the customer in the right direction when necessary.

How does this holistic approach impact small versus large clientele?

We service the entire spectrum from start-up companies to large multi nationals. As you can imagine, these customers have varying needs. A large multi-national corporation may have storage infrastructure that an expanding start-up may lack. Thus, the latter can gain significant value-add through our service offering by plugging into our established network, which includes a global platform of healthcare validated distribution centers managed to the same operational and quality requirements. This prevents the company from tying up capital investment in a facility and therefore allowing them to ‘act larger’ than they actually are. We are essentially enabling them to compete on a global scale. We are focused on these types of customers and supporting their immediate needs, while also servicing large multi nationals.

In terms of Singapore, we are seeing an increase in pharmaceutical companies using the country as a logistics hub for the region. What do you see as the driving factors and benefits of Singapore as a hub?

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Companies do not establish a healthcare distribution center in Singapore for just the distribution of product within the country, as the market as such is fairly small. At the same time Singapore has done a tremendous job in attracting healthcare companies to use Singapore as a financial and logistical hub, as it poses low risks but also serves as an optimal hub for value-added activities.

I will use labeling as a simple example. Our customers are required to adapt their operations to the laws of the different neighboring countries and labeling in many cases is done at the origin or at the destination. For many of these high value goods the origin is either in Europe or the United States. Labeling products ties up significant time and investment. As you can imagine when companies are distributing to 10 countries in Asia, they are tying up expensive equipment in Europe to do the labeling. Once the product is labeled there is no longer the ability to be geographically flexible with that inventory. When the product is labeled in-country, inventory is then sprinkled throughout the region tying up working capital. A regional center for performing secondary redressing and labeling to meet each country’s requirements allows companies to hone their inventory and not have it tied up or sprinkled across the region. Once an additional location is added to the distribution hub, this reflects up to 29 per cent more inventory, leading to obsolescence and an enormous investment on the balance sheet under inventory. Companies are looking to pull this inventory back to a regional hub with proximity to market and lower labeling costs for optimal inventory and flexibility. We are seeing this as a trend and one of the added benefits of Singapore as a hub.

I also applaud everything that Singapore is doing related to their infrastructure to be a reliable and reputable member of the supply chain. I just visited one of the cold chain facilities at Changi Airport and they are always thinking about the future and how to prevent any breaks in the cold chain. Pharmaceuticals and medicinal products need additional attention, which they definitely get in Singapore.

Pharmaceutical and cold chain logistics is estimated to grow 8-9 per cent totaling US$16.7 Billion by 2020. In your view what are the factors contributing to this growth in the region?

I would consider the major factors driving this growth to include demographics such as an aging population, increase in chronic diseases, growing affluence and the introduction of new products such as Biologics, as well as the maturity of countries and country regulations, which are driving more stringent compliance. Even in cases where the government may not require it we also see that internal compliance within corporations has grown in importance for sustainable business practices. With social media and brand awareness, companies do not want to be associated or recognized as taking advantage of geography through not being in compliance, and this grows the demand for temperature-regulated logistics.

As data allows for more complexities in the supply chain, facilitating global sourcing and allowing for more real time information, what are some of the ways that information is changing the way the supply chain is managed or viewed?

From origin to destination an average product goes through roughly 26 touch points and 7 or 8 different service providing entities. A large part of the future is in finding new ways to use that data collected in order to react and make decisions more quickly. Legislation to ensure visibility at every point in the supply chain, from factory all the way through to when it is used by the patient, is targeted at increasing security and patient safety. Even now we see enormous changes in the amount of control that company’s have over their shipments. Where it used to involve many phone calls and different parties to stop a shipment, now with our network this can be done with the press of a button. We are a big believer in data at UPS and we track an enormous amount of metrics, mostly for operational efficiency purposes. We only see this increasing as it continues to be requested by regulatory authorities and the customer.

In terms of differentiating yourselves in the market, what is the value proposition you bring to your customers?

We measure our value proposition on four different levers: revenue, cost, fixed capital and working capital. When we work with customers to build solutions we quantify the cost of doing or not doing a project in these four ways, and we will translate this to earnings per share accordingly. Not a lot of companies can or will provide clients with this kind of precision and analysis and UPS does.

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