Interview: Paulo Vitor de Andrade – Founder and Director, Grupo Polar, Brazil



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Paulo Vitor de Andrade, founder and director of Grupo Polar, elaborates on his journey to build the Brazilian company of reference in cold chain solutions and the company's relentless efforts to disseminate knowledge to improve the logistics environment in Brazil and globally.

Grupo Polar is recognized as a reference in the cold chain management sector in Brazil. Could you give our readers an overview Grupo Polar's first steps in the Brazilian healthcare ecosystem?

In 2001 I noticed the gap that existed between the tremendous resources allocated to the development of pharmaceutical products and the inadequate cold chain management solutions they were resorting to. The vital aspect of these products and potential for improvement in the sector convinced me of the necessity to bring appropriate solutions to these companies. Indeed, the existing logistics solutions at the time jeopardized the efficacy of drugs pharmaceutical companies could have invested up to one billion USD to develop.

Brazil's tropical climate, size, and infrastructure or lack of thereof, called for the urgent development of solutions guaranteeing appropriate transport conditions. Leveraging sensitivity in the definition of customer needs, I gave myself the opportunity to point out to managers of pharmaceutical companies the gaps that existed in cold chain management and highlighted their impact on the activities of companies in the pharmaceutical industry. In hindsight, Grupo Polar's

initial focus on bringing tailored solutions corresponding to the needs of pharmaceutical companies has been an essential element to the company's success.

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After engaging in dialogue with pharmaceutical companies and understanding the problematics these organizations were trying to address, Grupo Polar developed the first ice foam in Brazil, a solution for the transport of medicines with controlled temperature: ICE FOAM® This product entirely developed in Brazil was absolutely unique and unrivalled at the time. Grupo Polar's pioneering status with the development of ICE FOAM® was soon recognized and the product is now widely used among pharmaceutical companies in Brazil and across Latin America.

What has led to the vertical integration of Grupo Polar's range of services?

Following the development of ICE FOAM® we realized that the absence of established logistics processes was also affecting the ability of pharmaceutical companies to safely bring products to their patients in Brazil. Still in conjunction with pharmaceutical companies, Grupo Polar contributed to the development of processes surrounding the logistics management of goods requiring temperature control. This line of activity grew to become a major aspect of our company's activity, as companies were increasingly eager to develop methods that would guarantee premium transportation and storage conditions for vital products.

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Precisely, multinational and local pharmaceutical companies in Brazil were reaching out to us to develop tailor made solutions for them and started requiring that Grupo Polar qualifies the services that their third-party logistics partners were using. This led to Grupo Polar's second round of vertical integration.

From then on, the company was supplying packaging for goods requiring temperature control, developing the adequate logistic and packaging processes which logistic companies had to use for their clients, and –finally – qualifying the packaging and processes that logistic providers were using for their clients.

Sooner than later, the Brazilian National Surveillance Sanitary Agency (ANVISA) recognized Grupo Polar's contribution to the development of reliable cold chain services in Brazil. We therefore became the reference company in helping ANVISA set the regulatory standards and guides for goods requiring temperature controlled transportation, in collaboration with the São Paulo Association of Pharmaceutical Companies (SINDUSFARMA) and the Brazilian Association of Logistics

Providers (ANFARLOG).

Your ability to build trust in Grupo Polar is still a crucial element of your success. How did you get around the combination of your role as a supplier and qualifier of solutions?

As the demand for qualification of certain packaging and processes increased, we had to preserve the company's impartiality in the eyes of the ecosystem to sustain our credibility in the market. Therefore, in addition to Grupo Polar's activities in product development, process construction, and certification, we invested 1.2 million USD in the construction of Laboratorio Valida. This laboratory would act as an independent organization to ethically conduct highly technological testing on the cold chain management processes built by Grupo Polar and some of its competitors. This investment combined the rewarding opportunity of disseminating Grupo Polar's knowledge in the sector for the benefit of patients, and the necessary action of building credibility for Grupo Polar's development.

Where does Grupo Polar stand in the market today?

Grupo Polar has become a reference in cold chain management for the Brazilian and Latin American markets. Our market penetration places us amongst the three largest companies in the sector on the continent and we can claim we are the only company capable of catering to these needs in Brazil. More specifically, over 80 percent of pharmaceutical companies in Brazil use ICE FOAM®, the first product ever developed by Grupo Polar, and all our products come with a certification. Thus, Grupo Polar is involved in the qualification process of 85 percent of the volume of goods transported for the account of pharmaceutical companies in Brazil.

The company is extremely well positioned in Brazil. How do you plan to internationalize?

Fortunately, Brazil is home to many of the regional headquarters of multinational pharmaceutical companies. With regards to this role in the organizational structure of activities on the continent, Brazil is a country at the heart of process development and implementation. In a nutshell, Brazilian affiliates have a responsibility in implementing processes in other countries of Latin America. This is an incredible opportunity for service providers that are well established in Brazil, as they can piggyback the presence of their clients in Latin America to build an international reach.

Following the realization that our knowledge could be leveraged outside of Brazil, Grupo Polar has been thriving on this internationalization opportunity. Our customers in Brazil request us to expand our services in other countries of the continent, such as Argentina, Chile, Peru, Colombia or Panamá. While this was not the initial focus of the company, I am now looking forward to further

increasing Grupo Polar’s footprint in Latin America and tap into the market opportunities these countries have to offer.

Additionally, the market conditions faced by logistic companies in Brazil prepare them for any type of environment. The difficulties encountered by logistics management companies in Brazil favor the development of a resilient corporate mindset and creative thinking that sets them apart from their competitors in any other environment. A company capable of bringing customer centric solutions that help its partners navigate and win in market conditions as challenging as those in Brazil is poised for success abroad.

Looking forward, our objective is to position Grupo Polar as a company capable of meeting the needs of its customers worldwide. Having said this our shorter-term objective is to leverage the profound knowledge we have of the market conditions in Brazil to cater to the needs of our customers in Latin America.

What sets you apart from your competitors?

Since its very first steps into the cold chain management sector, Grupo Polar has strived to listen to its customers and help them face the difficulties in the Brazilian market so they could safely bring products to patients across the country. The customized solutions we bring to our customers allow them to perform optimally in the market, unlike those developed by multinational companies to cater to European and American market and that have barely been adapted to the Brazilian market. To continuously provide relevant and cost effective solutions to pharmaceutical companies, we need to keep up with the dynamic pace of the market’s evolution in terms of needs. For these reasons Grupo Polar employs almost as many people in the research and development team than in the production team and invests around eight percent of its annual revenues in R&D.

Additionally, our end-to-end understanding of the value chain and participation in the elaboration of processes gives us the ability to continuously identify the gaps that affect the quality of the logistics management services and create new solutions improve logistic processes. In other words, the various activities we engage in complement each other. The sale of packaging solutions funds our ability to develop processes in conjunction with pharmaceutical companies. The latter allows us to understand which needs are yet to be addressed and bring new cold chain management solutions to market. Finally, the process qualification aspect of our activity as well as our involvement in the construction of regulatory frameworks builds our credibility in the market.

As a result of our leading position in the market and the trust pharmaceutical companies place in us, the vast majority of third party logistics providers are looking to use Grupo Polar as a partner.

Logistic companies find it easier to deal with the whole range of solutions provided by Grupo Polar to convince pharmaceutical companies that they are the partners of choice for the logistics management.

What trends do you see affecting the market in the years to come and which products do you intend to bring to the market?

As we contribute to developing processes in collaboration with pharmaceutical companies, we find additional aspects of the cold chain management that can be improved. Thus, we are continuously looking to develop tailor-made solutions and their relevant qualifications for pharmaceutical companies.

Also, the importance that biologics will hold in the future of the pharmaceutical industry and the requirements relative to their logistics will have a gigantic impact on the third-party logistics sector. To address the potential of this evolution in the market, developing intelligent cold chain management systems is essential. In line with this, Grupo Polar has already developed a GPS assisting technology that allows for tele-monitored temperature control and full traceability of transport conditions.

Furthermore, Grupo Polar intends to use its privileged access to sector-relative data to create finely tuned predictive models used for testing logistic processes. While logistic companies have already started tracking data corresponding to the transportation conditions a few year ago, they used this information as a track record of the reliability of their processes. Instead, Grupo Polar is looking forward treat this information in order to help pharmaceutical companies and logistic third-party providers enhance the efficiency of their activity. In turn this should be beneficial to their patients. For this reason, we are already in the process of developing a predictive model for the industry that we will launch in the second semester of 2018 and facilitate logistics management.

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