

# Interview: Marius Giedraitis - Director and Founder, Balux, Lithuania

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*Marius Giedraitis, director and founder of Balux, explains the company's commitment to shipping high-value temperature-sensitive pharmaceuticals with quality goals of*

*99.5 percent of deliveries without any deviation by 2019.*

**Could you please introduce the main activities and operations of Balux to our international audience?**

Balux is a logistics company fully specialized for temperature-sensitive pharmaceuticals. At the beginning we were only doing cold chain - between two and eight degrees - but now we are also shipping ambient temperature drugs. I want to stress that we are fully committed to offering our services at the highest level of quality and, in this sense, we have set our goal of having 99.5 percent of deliveries without any deviation by 2019. That being said, due to the high temperature-sensitivity of our shipments, this quality goal is a challenge considering the extreme climates in winter and summer in Europe.

In fact, Balux means "Gold dust" in Latin and I believe that this branding strongly reflects our commitment to quality since any small factor alongside our operations is highly valuable for us in order to offer our clients the highest level of service.

**What are the needs that you identified in Lithuania and the points that triggered you to start such an entrepreneurial journey back in 2010?**

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My educational background is in transport management and I quickly realized that logistics was my professional passion. Thus, when I started working in this arena, I identified that the regional as well as local logistics industry was highly fragmented with a sort of commodity shipment offering. Hence, by that time, I was continuously looking for a niche in which having a commodity logistics offering was not enough. Indeed, I defined two criteria to choose my market: highly regulated framework, and products that are expensive as well as with a high level of sensitivity to anything. In this sense, I found by chance that the pharmaceutical industry was meeting both requisites and, in 2010, I had the courage to create Balux to satisfy the high temperature-sensitive logistics needs of the pharmaceutical industry.

**Can you expand on how the company has evolved since its creation?**

During our initial steps we were not only serving the pharmaceutical industry but also other sectors in order to be able to survive until we got enough pharmaceutical clients' portfolios to sustainably support our business. However, since the beginning, our ambition was to be fully focused on the pharmaceutical industry and it was not until 2015 when we finally decided to only serve our pharmaceutical customers. To support Balux's operations in this front, we have a highly educated team that is constantly updating its knowledge around the new pharmaceutical regulations and other industry dynamics beyond Lithuania.

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In terms of performance, I am delighted to confirm that the company has been growing on a yearly basis since 2010 reaching its business peak last year with EUR 1.5 million of revenues supported by 22 fleet assets and 35 professionals. But, looking ahead, we expect stronger growth in the upcoming years based on an investment plan that is already being implemented to modernize as well as increase our fleet and expand our team.

**At the beginning of 2017, Sostena acquired 25 percent of Balux's equity. Could you expand on the rationale behind this and how it has reinforced your strategy?**

In 2016, we suffered a shortage of fleet capacity to fulfil our clients' needs and increasing our operational capabilities needed a significant investment effort. In this situation, I decided to leverage on the entrance of Sostena in Balux's equity to financially support as well as rocket our business development plan based on fleet as well as team expansion. On top of that, I would like to highlight that Sostena has highly valuable business experience acting not only as a capital but also

as an industrial partner.

**What specific investments have been planned to remain at the forefront of your clients' needs in terms of operational capabilities?**

We have already acquired 12 new fleet assets and we expect to purchase 20 additional by 2018. This investment not only aims to expand our fleet but also upgrade and update our current capabilities selling the old trucks - our objective is to acquire twice the number that we sell. So, based on this investment plan, we expect to nearly double our size reaching EUR 2.5 million of turnover in 2018.

**As a niche pharmaceutical distribution player, what is the major challenge that you face when conducting your operations?**

Our main concern is to keep the temperature of our cargo according to the clients' specifications. It is important to consider that most of our shipments are innovative medicines and keeping the temperature at the needed level is translated into saving the cargo, which sometimes can be valued up to EUR 5,000,000 per shipment. Minimizing any potential risk, human or mechanic, impacting the temperature of our shipments is crucial for us and, obviously, for our clients. This is the reason why, even though we currently have 98 percent of shipments without any temperature deviation, we aim for 99.5 percent of perfect shipments by 2019.

**Most companies perceive distribution as a cost-center to their operations, prioritizing finding support in driving top-line growth. Can you expand on how you are responding to this need?**

Our niche strategy helps us to overcome this challenge because our service is not seen as a commodity in the market. I would not position Balux as a medicine transport supplier but as a reliable partner for its pharmaceutical clients to ship their medicines at the highest level of security. Hence, our clients perceive us as a key stage in their operations that truly adds value to their supply chain rather than just a commodity logistics service.

**Technology can certainly create efficiency as well as efficacy improvements within the distribution industry such as remote cargo tracking, and expiration date controls. How is Balux embracing the latest technologies in its operations?**

We are already using all the technologies that their efficacy has been tested and that are suitable for our business. Indeed, we strongly leverage on our technology systems in order to reach our goal of 99.5 percent of deliveries without any deviation by 2019. In this regard, we use a 24/7

alarm setup based on signals that we receive from devices installed in all our fleet – This system monitors not only the trucks situation but also any temperature fluctuation of the cargo, which is our foremost concern. This detailed control system based on technological capabilities helps us to quickly react and solve any risky situation that may arise during our shipments.

**Human capital is one of the most important assets in your operations. How is Balux attracting, retaining and developing its professionals maintain such quality in its operations?**

Build a great team is a never-ending journey for any general manager. Thus, our employees are continuously receiving training programs to ensure that they are at the forefront of any change or trend in our niche. Obviously, this has to be encompassed with a competitive economic salary. On top of that, I would like to stress that our business has direct impact on the life of patients and this certainly creates an extra personal commitment and devotion. Additionally, I believe in the capabilities of our team and this is why I would define my management style as empowerment oriented, which does not only make our team feel accountable but it is also highly appreciated by them.

**Looking ahead and as founder of the company, where would you like to bring Balux's footprint in the next five years?**

Our main ambition is to be positioned as the number one choice for any pharmaceutical player that needs to transport high value as well as high temperature-sensitive medicines. I believe that this target is already achieved in Lithuania and I aim to reach the same positioning on a European level in the mid-term.

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