Interview: R.S. Subramanian – Country Manager; Sandeep Juneja – Vice President, Sales and Marketing, DHL Express India

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R.S. Subramanian, country manager and Sandeep Juneja, vice president – Sales and Marketing, DHL Express India, explain why the world's leading express logistics company is a trusted and accountable service provider for life sciences customers in India, and also how they are maximizing business development opportunities by growing their presence in every segment in which they operate.

Can you give our international readers an overview of DHL Express in India?

DHL Express is a part of the Deutsche Post DHL Group. To give a brief overview, the Group has five business entities in India. DHL Express carries out international express movements i.e. import and export of time definite parcels. The second division – DHL Global Forwarding, is one of the leading air and ocean freight forwarding companies. The third entity, DHL Supply Chain in India is one of the leading integrated supply chain service providers, offering end-to-end customized logistics and industry solutions in the areas of warehousing, distribution, value added services and order management. Blue Dart is the fourth division, which focuses on domestic express. The fifth division – DHL eCommerce, is focused on domestic e-commerce businesses as well as cross border e-commerce to a certain extent.

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DHL Express commenced its India operations in 1979 and offers customers the entire spectrum of express services from international air express to high-end logistics solutions, including repair and return, strategic inventory management and direct express inventory distribution. Today, DHL Express India services over 60,000 customers, has a pan-India presence through dedicated service centres in 32 cities, and through Blue Dart Express (sister concern), has access to over 33,000 locations in India.

DHL's network in India includes a large base of over 12,000 employees, 9,000

fleet vehicles on road, 19 network flights and over 60 daily international and 80 domestic commercial flights flying every week into/ from India. The company's strong and unparalleled retail footprint of over 620 DHL-Blue Dart stores for walk-in customers makes it the market leader in international air express in India.

Currently the global annual logistics cost is estimated at about USD 3.5 Trillion. India spends around 14.4 percent of its GDP on logistics and transportation as compared to less than 8 percent by other emerging markets. How do you explain it as a logistics company?

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Globally, logistics costs in mature and efficient markets are in the range of 5-9%, whereas in India it is estimated at 14%. This provides a big opportunity for the economy and the businesses. Logistics companies and the Government have a big role to play in bringing down the logistics cost to 8-9%. If this is achieved, it will add more value to businesses and customers as well as increase the competitiveness of Indian businesses. Few steps that can help in bringing down the logistics costs are: Development of logistics infrastructure, simplification of the regulatory environment and legal tax framework, and efficiency in business practices through automation and enhancement of technology. All the above factors will help drive efficiency in the foreseeable future. There is already significant work being undertaken in India across all three areas.

For example, in the last six months we have seen the implementation of GST. This new tax reform aims to unify the tax regime with a unified tax code for the entire country. It will help remove all local tax blockages and allow seamless flow of goods. This will give an opportunity for businesses to focus on supply chain efficiencies that are driven by demand and supply as opposed to modelling the supply chain based on tax arbitrages.

Another big step that has been taken is the automation of express clearances. Due to this, all express imports and exports into the country will now be electronically cleared. This will lead to a paperless trade environment. In the express industry, it will cut half to one day of clearance time and help move goods faster.

According to a report by Deloitte Touche Tohmatsu, India has projected an investment of USD 1 trillion for the infrastructure sector during the 12th Five Year Plan (which ends this year), with 40 percent of the funds coming from the private sector. To what extent does DHL global expertise contribute to the improvement of infrastructure?

DP DHL Group has been continuously investing in India by augmenting its infrastructure and network capabilities. During a recent visit to India, our global CEO Dr. Frank Appel committed to invest EUR 250 million in India over a period of five years. This significant commitment will assist in enhancing DHL's infrastructure and strengthening its presence across India. At DHL, we believe in continuous improvement, which not only involves expanding our reach but also maintaining global standards that help in providing best in class service to our customers along with better transit times. A perfect example is that years ago, DHL Express was present in about ten cities in India, and now we are present in over 32. Our service centres have increased by two fold in the last ten years. Our facilities are now 2-3 times larger in size, with increased manpower and a fleet size of over 400 vehicles.

Additionally, we have state of the art operating systems, which make our infrastructure almost identical in terms of connectivity, processes, technology, equipment and software to that of our global network. We have a standardized network, and with every new market we chose to enter, DHL brings its global expertise and knowledge of the trade. At the end of the day our customers – global or national- demand the same level of quality in every market.

In India, we cater to domestic customers who trade internationally as well. As we are a business that relies on our global network, we have a strong presence across 220 countries. In order to provide best in class service, we have been investing in infrastructure, reach, technology, people and capacity expansion in India. We lay immense focus on our people as they are an important part of delivering high quality service. All our employees are Certified International Specialists and are trained in a suite of global training programs. It ensures that there are standardized processes in place and a common attitude and approach to work.

What is the rationale behind DHL's investment in India and what is the importance of the affiliate within the strategy of the group?

India will be the fastest growing country for the next decade and also the growth engine of the Asia-Pacific region. With India's ease of doing business rank moving 30 notches up, India is a destination that none would want to miss. DHL is present in every part of the supply chain with a well-entrenched presence and market leadership in all segments. We cater to most of the Group's global customers; therefore India is a very important market for DHL across all its divisions from the point of view of customers as well as with respect to the emerging trends such as e-commerce. Asia being a big focus market for DHL, we have built capabilities in markets that show great potential such as India, China and Hong Kong over the last decade.

What are the opportunities in the short-term and in the long term for DHL Express India?

The big opportunity lies in India's continuing growth potential. The large domestic consumption is attractive for global players to bring in technology and investment and acts as a catalyst to drive local manufacturing as well as development of allied industries. In the past 2 decades India has become a manufacturing base for most industries – engineering, auto, textiles, pharma and life sciences etc., and not just for the domestic market but with scale to be supplying to global market as well. This is the big opportunity for DHL Express.

The recent emergence of e-commerce sector is another growing opportunity for DHL

India is world's leading exporter in the pharmaceutical sector – the country's branded generic sector accounts for 98 percent of the marketplace – reaching a value in excess of USD12 billion. Where does the life sciences business fit in in the overall DHL Express operations?

At DHL Express what we bank on is speed, which is central to the life sciences industry whether it is in relation to research and development or clinical trials. We play a very important role in helping the drugs reach its destination faster. For example, Kolkata does not feature in the list of the top 10 industrialized cities in India. However, there are a lot of research companies that work on R&D and molecular discoveries in Kolkata. To provide global access to Kolkata and move their shipments within 24-48 hours within the customs environment is a challenge. In such a scenario, our global network offers them a dependable supply chain to link them up to international markets. We offer a wide range of solutions such as packaging, cold rooms, validated lanes to connect to the international circuit and much more. We are focused on delivering very high dependability in terms of the supply chain in a very short period of time.

How do you differentiate yourself from competitors like UPS or FedEx, which also recently massively invested in healthcare logistic?

As a global logistics expert, we contribute with our global know-how to advance systems and processes within the industry, in order to bring the sector in India at par with other markets. For instance, we have worked closely with the Express Industry Council of India and regulatory authorities for the introduction of the Electronic Cargo Clearance System (ECCS) towards speeding up the process of clearing shipments.

In easing the way we conduct business in India, we help large life sciences organizations to reduce delivery time lines and help them meet the demand. By doing this, not only do our customers get stronger in generics but also in other areas as their viability goes up. Most countries become unviable because of the supply chain costs and regulatory complications. However, initiatives taken towards improving efficiency in the movement of goods, such as increasing the speed at which shipments move, reduces costs and thus makes the country more viable.

Another area that differentiates us is the fact that we are the number one international express company in the world, connecting to more than 220 countries across the globe with a huge global customs expertise.

Quality control is one of the most important factors in the distribution of pharmaceutical drugs. We understand the sector and its supply chain needs. To address their critical needs, DHL Express has developed a specialized vertical –“Temperature Controlled Logistics” (TCL) services. As the world’s leading international express services provider, we are essentially a one-stop solution for all TCL needs. We have made necessary investments into the right infrastructure and have been training teams to create a valuable proposition for our partners. On top of TCL box pickup and drop-off facilities, we have cold rooms to facilitate TCL at our service centres across Mumbai, Delhi, Ahmedabad and Hyderabad. We also offer quick turnaround times, best- in-class packaging solutions, a dedicated team, in-house cold room facilities and cost- effective solutions.

We are continually helping the pharma and biotech industries become compliant with multiple options of moving shipments in adherence to customs and drug controllers in a cost effective manner across the globe.

The Economic Time recently wrote about multinational companies investing more in production than locals, meaning that DHL can benefit from global contracts with big names. How do you believe MNCs penetrating the market can impact your client portfolio?

As a global player, we are a service provider to many global brands. When global brands expand into India, they prefer to partner with us. This gives us a great advantage. However, the reason why our customers do business with us in the country also lies in the strength and the accountability that we have in India as DHL Express.

Multinational investments are helping us, but we also have a strong presence among small and medium enterprises in the country. Around 55 percent of our business come from small and medium sized enterprises. Our customers are across all segments, including SMEs, multinational players or big national players within the country. Our presence is across the board.

What industry segments are you interested in focusing on in the future?

We have been present in almost every segment ranging from banking and financial services to aviation, handicrafts, gems and jewellery, chemicals, pharmaceuticals and life sciences,. We are not limited to purely big names and this is one of our biggest strengths. We are growing consistently. Every sector is of interest to us. E-commerce is a big trend and we are B2C ready in addition to being B2B ready.

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