

Interview: Leonora Lim - VP Life Sciences & Healthcare, DHL Customer Solutions & Innovation, Singapore



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Coming from DHL's Customer Solutions & Innovation division, Leonora Lim, Vice President Life Sciences & Healthcare Asia Pacific, gives an insight into the increasingly demanding logistics needs of pharmaceutical clients and how DHL's investments in the life sciences and healthcare sector have kept the company a step ahead.

What role does Singapore fulfill for DHL within the context of the Asia Pacific region?

Singapore plays an important role for DHL because not only do many of our clients have regional headquarters in Singapore, but also many of our own business units are based here, including DHL Customer Solutions & Innovation. Also, given Singapore's strategic location, its connectivity to surrounding countries and its access to a 4 billion market (population) within a seven-hour radius, it fulfills an important function as a hub for DHL as well as the wider logistics community. Given these factors among many others, it has been a clearly logical decision to locate our regional headquarters here.

For the life sciences sector specifically, the Singaporean government has invested a lot to make healthcare and the life sciences a strategic sector for the country. As such, Singapore has strong capabilities across the life sciences value chain from clinical research to manufacturing, commercialization, and distribution. DHL is strongly present in Singapore to support this strategic

sector and globally recognized pharmaceutical cluster.

DHL just completed a SGD 140 (USD 117) million investment in the South Asia Hub at the Changi Airfreight Center. In general terms, what are the key capabilities and the regional coverage of this hub?

The South Asia Hub was officially opened in October 2016 and it is operated by our DHL Express business unit, and is a testament to our efforts to continuously improve and bring value to the logistics industry. It is supposed to improve productivity by tripling our cargo handling capacity and processes shipments six times faster as compared the manual operations in the previous hub, which is an immense improvement. This has various implications for our customers, such as better connectivity, later cut-off times to drop off their shipments, and increased reach and speed in terms of sending products in and out of Singapore. At this time, this automated facility is tailored for more general cargo and, as the life sciences industry has many special handling requirements, we will continue to cater to these demands separately.

How have you seen the needs of your pharma clients develop and evolve over the last few years?

At DHL, we are very proud that we are highly specialized in life sciences and healthcare, employing over 4,900 life sciences DHL specialists worldwide to ensure compliance and the appropriate handling of these shipments. When we work with life sciences shipments we have special processes and facilities, such as our DHL Global Forwarding Life Sciences Competence Centers, in place to cater to the demanding needs of our clients from the life sciences industry. Our Advanced Regional Center (ARC) (a SGD 160 million contract logistics facility run by our sister business division, DHL Supply Chain, which opened in April 2016) is a huge investment on this regard and contains the infrastructure and certifications required by life sciences customers. Moreover, we stay in close contact with our clients to keep track of their evolving needs so that we can stay ahead of them and ensure we have solutions and capabilities in place by the time they are needed.

In terms of these evolving needs, cold chain logistics has become extremely prominent; demand for these services is growing consistently. More recently, clients have begun to pay greater attention to the specifics of how their products are being shipped and provide more direct input. As a result, we have started to work closely with our partners to identify where we can put more

control mechanisms in place for them to be able to track their shipments and ensure temperature integrity at all touch points, such as airports and ground transportation.

The second most prominent trend has been an increased interest and demand for alternative channels of distribution. The current modus operandi is being questioned to understand whether there is a faster, better, more efficient way (both logistically and commercially) of reaching out to customers. This includes streamlining processes, remodeling the set-up of distribution networks, taking into consideration regional distribution centers, and even a radical review of physical and financial flows.

How are you coping with this increased scrutiny from pharma clients?

We work very closely with our customers. While our product handling capabilities are of utmost importance, we also engage in conversations with regulators during our regional, global, and national conferences to understand the particular challenges our clients face. We are keen on employing industry experts at DHL; for example we have in-house pharmacists and a global life sciences quality team and this helps us to successfully manage through complex regulatory frameworks. Once we understand our customers' challenges, we immediately see how they impact the logistic side of the business; for example in terms of product registration or serialization. We always work with our customers to see how we can support them, even if we approach local authorities together to address certain challenges that might work on paper, but not in reality.

Singapore has played a key role in this regard, as our teams here work to constantly evaluate how we can increase access and speed for our clients to reach their patients across the Asia Pacific region. Some of the solutions that are being used in this regard include "direct-to-market" (which is an alternative channel of distribution and order fulfillment from the manufacturer directly to the user, versus the traditional distributor model) and value-added services such as secondary repackaging and late stage customization. In this regard, both the DHL South Asia Hub in Singapore, as well as our partners within the Singapore logistics ecosystem, play a critical role in helping reduce unnecessary touch points and exposure of the products so we can provide our clients with fast and high quality services.

The Singapore logistics hub ecosystem is investing in pharma specialization as a whole, with Changi Airport Group encouraging IATA's CEIV Pharma certification and the

expansion of the Pharma.Aero community. How do you assess the value and impact of these programs on Singapore's suitability as a "pharma logistics hub"?

The developments underway are very positive for both the pharma and logistics sectors in Singapore, and to an extent they are contributing to the evolution and maturity of the ecosystem. Having been in life sciences for 17 years myself, I have seen the dramatic and comprehensive transformation the industry has undergone; it was not so long ago that there were many unpredictable and uncontrollable factors in healthcare logistics, while today we control and manage nearly every detail imaginable.

Over the years more and more businesses and stakeholders have come together in Singapore to support the development of the pharmaceutical industry here, and that has grown to include the expansion of Changi airport and the logistics industry. Many operators, many of them DHL partners, have established strong control mechanisms and quality assurance processes to ensure the correct handling of pharma products. The latest step has been the pursuit of IATA's CEIV Pharma certification, a new level of international accreditation in which the Singapore pharma logistics community has taken a leading international role. This will certainly help to secure Singapore's position as a major hub for pharma supply chains in Asia Pacific. DHL is very supportive of this initiative and we are proud to be involved in the process of getting CEIV Pharma certified.

Looking beyond pharma, what are some of the innovative steps DHL is taking here in Singapore to better serve your customers?

We opened the DHL Asia Pacific Innovation Center in Singapore at the end of 2015, first facility of its kind outside of our headquarters in Germany. At this center, we are continuously working on researching and testing new technologies and trends to bring innovative services to the market, such as omni-channel solutions, augmented reality, automation, and driverless vehicles. Some of this technology is already utilized in manufacturing sites and hospitals. We are trying to identify and further develop their use cases in a warehouse, and deploying it within customer facilities. Further, in terms of augmented reality, this is already being piloted in Europe and Asia to increase accuracy and productivity.

How should the pharma industry think of DHL?

Very simple – we are the healthcare logistics provider of the world!

We see ourselves as a leader that always aims to be at the forefront, being pro- rather than re-active. That is why we engage so closely with our customers in order to keep track of trends. As we have laid a strong foundation in the field, we certainly have first-mover advantages, including the investments mentioned earlier. Today, a lot of other companies are trying to replicate the life sciences and healthcare-specialized processes, dedicated capabilities, and global network that DHL began developing years ago. Naturally, we are still exploring new ways to serve the market; we will never rest on our laurels. That being said, the main priority still is the patient, and their access to medicines, medical supplies, and devices; that is why we succeed at delivering healthcare to the world!

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