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Kuehne + Nagel has the ambition to be recognised as the industry-leading pharma and healthcare logistics supplier.

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Michelle Valsega, regional airfreight product director pharma & healthcare for Kuehne and Nagel, shares the latest healthcare logistics trends impacting Puerto Rico and how Kuehne + Nagel uses the island as a centre of innovation to launch and test new solutions.

Can you give us an overview of the region and the importance of healthcare and pharma logistics?

In my current role, I am responsible for Kuehne + Nagel's pharma and healthcare airfreight in North America. The region is comprised of Canada, the US and Mexico. Puerto Rico as a US territory falls under this region as well. We brand our solution under KN PharmaChain and currently have 20 KN PharmaChain stations in North America and soon we will be adding the 21st with Edmonton in Canada. I am responsible for ensuring that every airfreight shipment with which we are entrusted by our customers is handled perfectly. Specifically I ensure that we are compliant with the regulations, all staff are trained and competent and we have the correct operational procedures, tools, documentation in place.

How important is Puerto Rico within your region, considering the significant concentration of life sciences companies on the island?

Puerto Rico is a key strategic pharma location due to the manufacturing sites built during the tax-exempt era (Empresas 936). Even though the exceptions ended, the manufacturers have remained on the island because of the educated qualified bilingual personnel.

Puerto Rico represents an important market for Kuehne + Nagel and we have a significant footprint on the island – we have been operating here for the past 21 years. There are many kinds of cargo that we see being exported from the island, from Active Pharmaceutical Ingredients (API) to the finished drugs. Our customers are rapidly expanding their businesses, the expectations bar is getting higher and service excellence has become the key to success. In order to reflect these developments and extend our service offering, we have recently invested in a dynamic cold room in San Juan which is dedicated to pharma. Specifically our new facility is capable of operating at different temperature zones and can be adjusted as needed to suit current product and customer demands. We believe that Puerto Rico has a lot of potential and will keep expanding our presence in the area.

What are some of the value-added solutions that Kuehne + Nagel provides to the life science industry in Puerto Rico through its KN PharmaChain concept?

KN PharmaChain has become synonymous with quality and reliability for both our customers and Kuehne + Nagel employees and its reputation now extends far beyond globally regulated processes, unique infrastructure, and competencies. One key to our success is that we never stand still – constantly looking for ways to improve and assure customer excellence. For example, we are globally certified by the renowned IATA CEIV Pharma program which champions quality, standard compliance and general improvements in the transportation and handling of pharmaceutical products by air. We are currently the only air freight forwarder who has globally certified their entire airfreight network with IATA. And still, we keep looking for new ideas to empower our customers through KN PharmaChain, with a current focus being big data and predictive analytics – specifically how we can accelerate our improvements through data mining into the wealth of experience we have from previously delivered consignments. KN PharmaChain is also about extraordinary team spirit and a global team of subject matter experts. Our customers consider us an extension of their business because we see the world through their eyes.

Puerto Rico is unusual for its concentration of life science companies in such a small area. What challenges or advantages does that pose from the transportation perspective?

It is true that sometimes, there are capacity issues in Puerto Rico. However, at Kuehne + Nagel we have a very competent procurement team that works with our preferred partners so that we can secure uplift out of the island. KN PharmaChain works only with approved subcontractors that are qualified to handle such special cargo as pharma. Our suppliers are vetted by an internal quality program prior to handling any pharma cargo.

Before on-boarding business, a lane risk assessment is conducted to determine all the critical control points and to mitigate potential hazards. Our risk assessment becomes the basis of the standard operating procedure or SOP. Once agreed by all stakeholders, the SOP is used to train all involved personnel both on the island, at transhipment and the final destination. So no matter how difficult the conditions are – our team makes sure that all requirements are followed and that the consignment is delivered in perfect condition to the patient or customer no matter what.

K + N has acquired other healthcare logistics providers such as Ferlito in Italy, Zet Pharma in Turkey and Quick International Courier last year. How important is the healthcare and pharma sphere becoming for K + N overall?

Our focus on the pharma and healthcare industry has board-level sponsorship through Yngve Ruud, Kuehne + Nagel’s management board member responsible for airfreight. The global leadership with representatives from all transport modes and support functions such as quality, IT and marketing team is fully set up, resourced and operational Our priorities are to connect with both our customers and our patients, to stimulate collaboration, ensure that we have a global competent team of experts and to become the clear leader in the industry. We aim to provide a simple, standard and consistent KN PharmaChain solution which provides the appropriate service and care for every product we handle whether it be a critical launch, generic medicine, consumer product or medical equipment.

With companies like DHL, FedEx and local companies like Prime Air Corp heavily investing in healthcare logistics on the island, how do you ensure that you remain the partner of choice?

We value close, local relationships and work continuously to understand our customer needs. We understand that it is imperative that our customers' everyday business includes contingencies to ensure that it continues to run smoothly. Our 24/7 care team support ensures that we can be responsive to all unforeseen circumstances at all times of the day and night. Our global team of KN PharmaChain experts and our global IATA CEIV Pharma certification allows our customers to sleep easily at night and gives them the space to think about the other things which are important to them. The Kuehne + Nagel team takes away all of the logistics concerns. And remember, we never stand still – innovation and solving tomorrow's problems today is a vital component of KN PharmaChain. Our customers see this difference.

What is your strategy in order to find more clients and expand?

We have a strategy that starts from the top and cascades into all the roles. We work as a team in order to both find brand new clients and expand our scope with existing ones.

Moreover, we focus on having as much face to face time with our customers as possible. We continually listen to our customers' needs and based on these conversations we discuss ways to improve our solutions. We wish to strategically grow in collaboration with all of our customers. For the most important few who would like to go on a long term journey together, we additionally have some industry-leading partnership concepts available.

Where do you want to take K + N in the healthcare logistics sector and what is your objective for the next five years?

Kuehne + Nagel has the ambition to be recognised as the industry-leading pharma and healthcare logistics supplier. In order to reach this ambition, we strive to resolve current industry challenges – some of which are listed below:

- The biopharma industry loses approximately $35 billion annually as a result of failures in temperature-controlled logistics, according to IQVIA Institute for Human Data Science.
- Nearly half (44.6%) of respondents to a Biopharma cold chain logistics survey reported multiple temperature excursions per year, and 16% said temperature excursions were a monthly occurrence.

- Two in five excursions (41%) exceed four degrees, and 21% are more than eight degrees.
- One in four respondents still do not use location and temperature monitoring — and, more concerning, around 10% do not see the need for such tracking services.

*Reference: 2019 Biopharma Cold-Chain Logistics Survey

We at Kuehne + Nagel focus on both our customer and the ultimate end user of the products which we handle, the patient, for when it matters the most.

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