

László Dene - Managing Director, Bellis, Hungary



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László Dene, managing director of Bellis, gives his insights on the trends affecting the wholesale supply chain and product delivery in Hungary, the strategic positioning of the company as the subsidiary of Hungaropharma - the country's largest wholesaler - specialized in OTC healthcare products and the importance of their newly opened logistics centre in Budapest. Dene also elaborates on his important role in rebranding the company after its acquisition in 2016 while sharing his outlook for Bellis in the future.

Can you please begin by introducing Bellis and its positioning as a healthcare wholesaler?

Bellis was originally owned by one of the traditional Hungarian pharmaceutical manufacturers, Béres Pharmaceuticals. Over 20 years ago Bellis was established as a logistics and distribution arm of Béres. In 2016, Hungaropharma acquired Bellis to focus on the smaller pharma players and be better adapted to compete with the more specialized wholesale distributors. Furthermore, Bellis has a strong history in managing non-pharma portfolios such as food supplements, vitamins, herbs, and other healthcare products. It was important for Hungaropharma to have these capabilities considering the importance of this market in Hungary.

Bellis' strategy is different from the other leading wholesalers on the market that are providing premium services with multiple day deliveries and a wide pharmaceutical portfolio. On the other

hand, we provide three to four deliveries per week by providing customers with larger quantities of healthcare products and OTC drugs with better conditions.

What were your first priorities when joining Bellis four years ago?

When I first joined Bellis my priority was to relaunch the company because after the acquisition by Hungaropharma our name, structure, and service portfolio was changed. In the beginning, we built up a new OTC portfolio and had to start the selling rapidly to the pharmacies as a new player in this area. In my previous workplace, I established a new line of value-added services for larger pharma manufacturers, so I had wide-ranging experience in logistics for pharmaceutical and healthcare partners. The combination of this operational and strategic background was very beneficial for me when taking on this task of transforming Bellis.

How is Bellis different today compared to the company you joined in 2016?

I am happy to say that we succeeded in achieving our first three-year strategy to establish the Bellis brand on the market and gain significant share. Over the last four years, we have grown over 60 percent and have a stable market share.

From a logistics point of view, we had to change our whole structure to handle this kind of volume growth which was a challenge. Particularly, the lack of human talent and the increasing difficulty to find the right workers in recent years were major hurdles. Moreover, the cost of manpower almost doubled in Bellis over the last four years.

How do you maintain a stable and cost-effective distribution logistics while dealing with extremely competitively priced products?

This is absolutely another key challenge that Bellis faces. However, we have been able to balance these factors by creating new programs to improve efficiencies in our warehouses. By increasing daily volumes, investing in our logistic and warehouse processes, and leveraging IT developments we were able to save on the volume of manpower needed. Today we have fewer employees than we did at the beginning of our restructuring.

It is a continuous balancing act to manage the day to day operations of the company in order to meet our immediate targets while also trying to develop innovation for the future. One example of our long-term strategy is the construction of a new facility in Budapest. The recently completed center has intralogistics developments such as a semi-automatic picking system, spiral lifts, conveyors. At the same time, we decided to change all of our IT systems and we are in the process of establishing SAP for the ERP and SAP EWM module for the logistics operations.

How will the newly built Budapest logistics centre affect your operations?

This new facility is currently one of the most modern healthcare infrastructures in Hungary, it will totally increase our efficiency and operational capacity. Today we handle around 9000 SKUs and in the new building, we will be able to handle up to 30000 SKUs. Our throughput will be at least doubled in the first period and we will move our premises to the new in March 2020. The reason behind all this change is because we are aiming to find new market segments and represent additional product categories which are well represented in Hungary currently.

For example, we are beginning to deal with medical devices and aim to continue a strong focus on preventative health products such as dietary supplements, medical aids and homecare. Compared to markets like Germany, Hungary is very underrepresented in the homecare sector and many products are not easily accessible to the general population.

What are the major trends that affect your supply chain and product delivery?

What is very interesting is to find how to deliver pharmaceutical and non-pharmaceutical products efficiently due to the difference in regulations and sensitivity of the products. We always try to demonstrate new categories and develop the best way to handle products jointly with our customers. For example, it is very different to handle an ambient OTC product from a cold chain vaccine or a medical device, etc. The biggest challenge in healthcare logistics is finding the best way to meet the unique criteria of diverse products while still remaining cost-efficient.

The EU serialization guideline has affected packaging and labeling for prescription drugs, as well as Hungary's supply chain ecosystem. Has this affected Bellis' operations?

Given that our portfolio consists of OTC products mainly that are not affected under the regulation we were able to continue to be efficient and less affected the challenges of serialization. However, next year we will be facing major challenges of new medical device regulations which will impact our procedures much more directly. Currently, we are focusing on SAP procedure development to find the right way to handle these regulations and stay compliant.

In terms of our portfolio, we have in place very stringent filters to ensure the quality of the products we are carrying. Each time we create a new business contact with a supplier, we closely verify potential partners and have strict monitoring activities to ensure that we continue to deliver the highest quality products.

What leadership strategy and company culture have you been implementing in Bellis?

Coming from an international environment to Bellis I had a totally different mindset compared to what was present in the organization. Coming from a Swiss company where the culture was very important, I had the chance to learn a different way of working which I was able to bring to Bellis. Today, I try to demonstrate to my team the importance of setting strategic targets and working in collaboration to achieve them. At the end of the day, hard work pays off for everyone and the entire company.

What is your long-term vision for the company and your strategic priorities in the upcoming 5 years?

My main objective is to develop Bellis into a very solid brand in the market as the key player of healthcare products including medical devices, homecare, dietary supplements, and preventive care products. Furthermore, we hope to be the leading player in making the best deals for our partners in the OTC market and manage successfully the sales activities of manufacturers here in Hungary.

My vision is that with our brand new logistics capabilities we will strengthen our position in the market and expand into new product categories in healthcare.

In your opinion what factors will define success for Bellis moving forward?

Bellis is a very dynamic company with a young and skilled team. In the past four years, we have aimed high and the sky is the limit for what we can achieve. While we may not be the size of Hungaropharma, we still manage a high volume of products professionally and with great accuracy. After finding the right talent we place a high priority on investing in our team and helping them develop professionally through cooperation across the organization.

Moreover, our owner Hungaropharma is extremely supportive and believes in the strategy of Bellis and invests greatly in our growth.

What advice would you give to your past self when starting with Bellis in 2016?

I have to learn to slow down, and while targets are important, it is also key to actively engage my team in open discussions to motivate everyone on a common goal and achieve success.

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