

Neil McMaster - General Manager Contract Logistics, GAC Dubai



With five billion people within an eight-hour flight ... Dubai is unique as an air shipment hub ... The next logical step is to fully prepare and equip this part of the world for e-commerce

29.04.2020

Tags: [UAE](#), [GAC](#), [Logistics](#), [Distribution](#), [MENA](#), [MEA](#)

Neil McMaster, GAC Dubai's General Manager Contract Logistics, discusses the key investments his company has made to stand out as the region's go-to healthcare and pharmaceutical logistics provider, offering added-value services and high-quality customer standards. He also introduces GAC Dubai's new high-tech building facility, reveals the key trends and challenges he sees in the UAE's logistics sector and urges the country to overcome its challenges to ensure Dubai is taken seriously as a logistics hub in the future.

Neil, after several years working in the UK, for logistic companies specific to the food & beverage industry, what attracted you to joining GAC on this adventure in Dubai?

I've been in logistics all my working life, but when an unexpected opportunity arose in Dubai relatively late in my career, it was something I couldn't pass up. I like to think that my background was something GAC was looking for, in terms of core industry skills, along with a deep understanding of cross-border trade and customs administration. The joke is that my children grew up, yet I was the one who left home.

What priorities did you first put in place upon your arrival?

GAC had a long history of being all things to all people. To strengthen GAC's position as a world-class logistics company, I set about creating a structure around an agreed strategy. This meant putting in a management infrastructure, without changing the headcount, and directing it strategically across four to five key disciplines. My aim was to narrow our focus and become more specialised. We settled on the key areas of food & beverage (we already had a significant beverage business and I am a great believer in the benefits of logistics in the food segment) along with pharmaceuticals and fashion (where we already had previous business). As a successful logistics company, we offer services to sectors that provide basic human essentials.

Now, I am a driver of business for GAC, the largest contract logistics provider in our entire Group, employing 10% of our global workforce here in Dubai alone. My business model has been largely followed by GAC's contract logistics business around the world, so I am jokingly referred to as the Group's "Godfather of logistics"!

As interest in healthcare and life sciences continues to grow within the UAE, how have you established GAC Dubai as the go-to logistics firm in this industry?

The Gulf region is our home ground. Our ancestral home is in Kuwait, founded in 1956, and we were the first to open a privately-owned distribution centre in Jebel Ali Free Zone (JAFZA) in 1992, making GAC the first third-party logistics (3PL) company in Dubai. We have a firm foundation, and as a private company we cannot be bought out, so have remained successful in the country. I was fortunate to start with a successful business and move the company forward.

Playing on the back of this success, it was important to make changes to our infrastructure to provide the necessary facilities and make it more "western", especially in terms of using or building modern facilities. To further move our business forward, it was important to invest heavily in an infrastructure that supported our new strategy especially with respect to cool-chain integrity, both in food & beverage and pharma.

To maximise growth, we bought additional warehouses, but even then, we quickly ran out of space, and had to find additional resources. Thus, the decision was made to invest in and build a new Contract Logistics Facility in South Dubai, inaugurated at the end of 2018. It is one of our most modern buildings, which is extremely temperature-sensitive but also designed around environmental conservation sustainability, with features including solar-powered energy, water recycling, and electronically phased lighting.

This new facility was specifically designed around fast-moving consumer goods (FMCG), specifically dangerous goods, including healthcare, perfumery, aerosols and so on. Products were moved between our warehouses, enabling us to free up space in our JAFZA warehouse, which has now been converted into a fully dedicated pharmaceutical and medical facility.

What are some of the services you are offering your customers in the healthcare and pharmaceutical industry?

We offer the full range of services as standard to our other industry clients, such as end-to-end solutions, largely from point of origin, by road, air or sea freight, into Dubai. Moreover, we handle all customs and administrative issues for a client, typical warehouse storage and handling, as well as value-added services (now including serialisation) where applicable.

Our warehouse is ISO-certified for medical devices. There is no published ISO standard or equivalent for pharmaceutical products, so we generally apply the same standards as we do for our foods business, and then use local Ministry of Health (MOH) approval.

Lastly, we can offer temperature-controlled management, humidity-controlled management, and door to door temperature-controlled integrity, as our warehouse management system (WMS) platform supports full traceability from the sale to the point of dispatch, i.e. a distributor, clinic or doctor. This is essential when dealing with pharma products.

What are your strategic priorities moving forward in this area?

I don't think we will make any significant changes to our strategy now, other than spending more time to try and understand our clients' strategies and how we can support their business. Currently, we are focusing on understanding what the client, in this case the manufacturer, wants and how we can help them.

The logistics sector has both short- and long-term challenges. Locally in the UAE, we can supply hospitals, pharmacies or clinics directly, depending on the client. But there are, of course, challenges dealing with other parts of the region. As an example, it is very difficult to supply into Saudi Arabia from Dubai, as they still require a direct shipment from country of origin for pharmaceutical products, and then there are geopolitical factors to consider with Qatar, meaning no direct shipments in or out of that country.

What would you highlight as other key trends and market dynamics that are shaping the UAE as a logistics hub?

With five billion people within an eight-hour flight, the number generally quoted in this context, Dubai is unique as an air shipment hub, and it is distinguished as an e-commerce type platform to be operated from here for any commodity. The next logical step is to fully prepare and equip this part of the world for e-commerce.

For instance, Dubai is geared up for large-scale pallet supply of products around the region by road; but it would be beneficial by equipping itself for global supply of high value and intense outbound shipments as well. The country can cope very well with inbound supply, so focusing on outbound supply would be advantageous. I sit on a local e-commerce committee where we discuss ways to overcome the challenges. There are many successful examples worldwide that we can learn from – Singapore, which is miles ahead with their e-commerce platform with the supply of pharma products, is a good example.

Dubai and other local Free Zones were set up specifically to manage regional distribution since the local market is quite small. Looking at the JAFZA logistics hub, roughly half of everything that goes through our warehouse, apart from pharma products, end up in Saudi Arabia. The same can be said for our competitors. More and more, Dubai is moving from a local hub, through to a MENA hub, and now expanding further. For GAC, Dubai is a strong hub for the Indian sub-continent and East Africa, since the supply chain leads down quickly and straight forward. It is proving to be more successful than supplying out of South Africa in GAC's experience.

Looking forward, we need to see changes to some restrictions currently in place for Dubai to evolve into a genuine strategic hub.

How would you assess the UAE's ability then to achieve its Vision 2021, which aspires to make the country first overall in the global rankings of air transport and port infrastructure and among the top ten in terms of logistics?

Whilst I have no doubt that the UAE government will continue to be a driving ambitious force with a very strong desire to achieve its ambitions, the new reality is perhaps somewhat cloudy with the current COVID- 19 crisis, global economic slowdown, dramatically suppressed oil prices and shutting down of many airlines. I believe that maintaining the strategy for an extended timeline

may perhaps be more realistic.

In 2019, GAC Dubai won the FMCG Logistics Provider of the Year award at the Logistics and Transport Awards for the second year in a row. What would you say is the key to this success?

The success has been largely based on both providing something unique to our clients and becoming an integral part of their supply chain. We have been recognised for our value-added services, adding value to the products with an environment in which we can customise products to specific markets for our clients. Anybody can run a warehouse, but the relationship we have with our clients is something we have invested heavily in over the past few years. Now, we are viewed as the leading supplier of value-added services in the country.

Touching upon the current COVID-19 outbreak globally, how is GAC remaining innovative to ensure your customers remain unaffected by this pandemic?

Since we deliver in the food & beverage and for the pharma industry, logistics is considered an essential service. As such, we have not been affected at all, and are still running per normal. Having said that, I do have other clients in other sectors – like the fashion industry, for instance – which are largely shut down.

We have met some of the challenges by managing our workforce and putting protocols in place to enable social distancing, such as doubling up our buses for employees, recruiting extra people for cleaning and hygiene, daily sanitising of all our vehicles and equipment, and health checks on employees every day. We are still functioning as normal, although with some restraints. We have always applied a duty-of-care to our staff and do so for our customers as well.

It will be interesting to see the shift in business dynamics evolves as we move forward. I think more and more people will continue to favour electronic meetings over face to face, and this will lead to increased productivity. I think that with some other companies' workforce operating from home, they are coming to realise that some parts of their business are over-engineered. Many will begin to question whether they need so many people to operate in the future.

As a final question, considering you have been working for more than 20 years in the industry, what would you highlight as key qualities for an executive to be successful in this industry?

It is simple: identify what your customer wants or needs before your customer knows it!

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