Larry St Onge – President, Life Sciences and Healthcare, DHL



Supply chains will never be the same as they were pre-pandemic. This is now the "new-normal"

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DHL's Larry St Onge outlines how the logistics giant adapted to the COVID-19 pandemic in 2020, the unprecedented cross-industry collaboration that emerged, and the potential for long-term transformation of biopharmaceutical distribution and logistics.

Before we tackle the COVID-19 elephant in the room, Larry, you have been with DHL for over 30 years now, the past two years as president of DHL's Life Sciences and Healthcare division. What has kept you with DHL all this time?

I think my career has really been about people. During the 30-plus years that I have been with DHL, I have had the opportunity to travel to a multitude of countries and to meet many different people across a number of sectors, functions and backgrounds. This diversity of experiences has brought me new perspectives, exposed me to innovative approaches, and ultimately inspired me as a business leader.

When I think about DHL, I think about the passion that everybody has to really deliver on our value proposition. Our CEO, Frank Appel, does a great job of summarizing that in our customer promise by connecting people and improving lives.

As the President of the Life Sciences and Healthcare sector in the middle of what I characterize as perhaps the greatest logistical challenge within this industry, I think we have the opportunity to really change the world from a logistical perspective. I am certainly glad to be part of the solution.

When the COVID-19 pandemic began, how did DHL begin to respond to the emergent and urgent needs of the pandemic while at the same time maintaining normal supply chain operations for your regular customers? Can you walk us through your strategic planning and formulation process?

The first challenge was the breaking down of the global supply chain in relation to personal protective equipment (PPE). This was a struggle faced by institutions across all sectors, and especially the public sector, and while we worked to restore and protect the integrity of that supply chain, we also took the opportunity to step back and take a more macro perspective instead of being granularly focused on it at the ground level.

The life sciences and healthcare sectors have their own particular language, rhythm and specificity when it comes to regulatory matters, when it comes to control and quality, the layer of temperature management on top of that – that is what makes this sector so unique.

Therefore, at that point, we took a step back and thought, okay, we have built this enterprise infrastructure, the ‘Life Sciences and Healthcare System’, comprising more than 9,000 associates across more than 130 locations around the world, that is designed to support our Life Sciences and Healthcare customers. We are able to leverage our extensive knowledge of the global supply chain landscapes and serve the urgent needs of our customers by mapping their global supply chains to identify the new potential risks that would arise as a result of the COVID-19 pandemic. Then, support the supply chains and build more resilience into them.

In addition to the risk and resilience challenges, we needed to understand the quality requirements of different institutions and geographies, and how can we manage the routine audits of respirators and other equipment to guarantee that they met these standards? These were all questions we were able to formulate and answer quickly due to our deep experience and track record within this sector.

We also identified the need for a public-private interchange or a form of network or system that could better track global movements of medicines and medical supplies. If logistics companies like ours would have been given the visibility at the worldwide level of the medicines, therapies and

equipment being used to treat COVID-19 during the initial outbreak, perhaps we could have helped the world reposition some of that inventory and, as a result, reduce casualties, to some degree.

All of the above have been key factors for us as we have pushed forward through the crisis to ensure that we can leverage our capabilities and knowledge in the best possible way. Ultimately, I think supply chains will never be the same as they were pre-pandemic. This is now the "new-normal". If companies are still managing their supply chains in the same way as they had pre-coronavirus, they're probably going to get it wrong. We do not want to get it wrong. We want to be part of the solution and to support our customers' ability to deliver the best services and care to patients globally.

Have your customers been receptive to the need to change their ways of thinking or is the industry largely still too caught up in the COVID-19 response to think about longer-term transformation?

Certainly, when I talk to my peers, at least across some of the other focus sectors for DHL, we see the business environment absolutely embracing the need to change, to really analyze and understand it, and to think about how they can do things differently or better.

The core question really is, moving forward, how can we ensure that we create more resilience and more agility in our supply chains? How do we share best practices? As a practical example, many of our customers are thinking about how to deal with their warehousing network, how much to outsource and how much to insource, depending on the locations, how to maintain social distancing within the warehouses, how to avoid warehouse staff being compromised by a COVID outbreak, and things like that. These may all be common sense approaches but to really summarize and consolidate them all into a systematic business approach that helps organizations recognize the need to rewrite the rulebook and to adapt to the new environment – that is key.

What has been truly remarkable during this pandemic is the willingness of typically competing pharmaceutical companies to work together on an unprecedented scale. Have you seen the need for this within the healthcare logistics space? Are there gaps that need to be bridged through collaborative efforts?

I have certainly been involved in discussions through platforms like the World Economic Forum (WEF) where we discussed how we could potentially pool resources and share opportunities to

service the global market. Our CEO, Frank Appel, has signed the WEF Supply Chain & Transport Industry Charter in support of the United Nations Children's Fund (UNICEF) and COVAX Vaccine Distribution, along with other logistics service providers.

However, the environment is still very fluid since we are still waiting to ascertain which vaccines are going to arrive when, so at DHL, we are still in an assessment period. Obviously, Pfizer's vaccine has started to receive Emergency Use Authorization (EUA) in various countries but there are also many other opportunities within the pipeline. This is critical since Pfizer cannot supply the only solution globally, it will take multiple vaccine manufacturers to resolve the global pandemic.

Our focus has thus far been assessing our own gaps and needs, and then, where appropriate, we will look for partners in different geographies to supplement our networks. We are certainly amenable to such discussions.

I have never seen this level of commitment and willingness to exchange ideas, to experience concepts, and to share resources, so while the playbook is yet to be written, I think the situation will unfold well.

The COVID-19 pandemic has also compelled many governments and other institutions to reevaluate their approaches to pandemic preparedness efforts, which had previously been underfunded. How can DHL support these types of strategic planning initiatives at the governmental and institutional levels?

We have published a White Paper on 'Delivering Pandemic resilience' in September, where we highlighted some key points and opportunities for the world to prepare for a better healthcare supply chain in the event of another pandemic and also regarding how public and private sectors can partner for success in the delivery of COVID-19 vaccines.

What is absolutely imperative for all of us is the need to build a collaborative public-private framework that can drive a focus on the creation of a more resilient supply chain globally. We need more data tools to be able to map, manage and retain visibility of the flows of products. This might come in the form of a blockchain-enabled platform, for instance. Ultimately, the goal is to connect the supply chain all the way from labs to patients, so as to speak.

We also see an important opportunity for the private sector to be of value to the public sector here. Governments have found themselves quite challenged and stretched at various moments during the pandemic, and this is a result of them lacking the 'intellectual sweat equity', as I would call it,

when it comes to understanding and dealing with the stringent requirements and standards of the life sciences and healthcare industries. We are talking about critical aspects like Good Distribution Practice, Good Manufacturing Practice, compliance, and so on, that are incredibly complex.

But DHL has invested heavily in solutions for all types of medical supplies and products, including high-value drugs, cold chain capabilities, and so on, so we can provide that expertise and that knowhow to public institutions and government entities. Right now, the focus is on deploying the COVID-19 vaccines and hopefully the world will return to some semblance of normalcy by the second half of next year, but beyond that, we need to keep pushing and rebuild a stronger global supply chain infrastructure for the world.

Fingers crossed that we do not see another global pandemic but if you had to gift a few words of wisdom to your successor, what would you like to say?

If I were passing the baton to someone else right now, I would say, continually be pushing to think about what *could* happen. Think about all the ‘what if’s, even as some seem absolutely beyond the realm of reality. I think there is critical. 12 months ago, no one predicted this COVID-19 situation – not a single forecaster or AI machine.

Healthcare is one of the focus sectors for DHL as an enterprise, and the company is committed to this sector from the very top down. Healthcare is absolutely the most important thing we help to provide, and the underlying imperative that I strongly believe everyone – from a DHL company perspective to manufacturers to healthcare providers to patients – needs to understand is the fact that, healthcare works best when the logistics do too.

In that context, we need to ensure we do not lose sight of the new developments in the sector. We need to continue to invest in new capabilities, whether that is the Internet of things or blockchain or drones or robotics. We need to experiment, and we need to work on all these ideas and technologies. All have potentially positive impact on the overall healthcare supply chain, but we need to look at both the micro and macro perspectives. Ultimately, it is a patient at the end of every delivery we make in this sector. If we keep that in mind, I think as a company we will find the right path and the right platforms to invest in, and if all the companies in this sector do that, that will bode well for the overall healthcare logistics sector.

On that note, with your expert perspective, what are the biggest trends, innovations or technologies that you see driving the healthcare logistics sector in the next five to ten years? Where are you pushing DHL to invest in?

The biggest is the focus on Direct-To-Patient service delivery. This had already started prior to the COVID-19 outbreak but it has accelerated a lot during the COVID-19 pandemic. We are all starting to see patients beginning to take control of their own healthcare, and the virtualization of healthcare provision has only accelerated significantly during the COVID-19 crisis, for good reasons. Developments like telemedicine is only going to grow and expand, so as a company, we have to think about how we can build our pipeline of services to allow the direct flow of products, services and therapies to patients. That is a huge focus for me.

Along with that comes questions like, how do we ensure patient confidentiality if we are delivering medicines to their doorsteps? How do we support product and solution development within our company? There are many aspects intertwined into this conversation.

The second major focus is on unique temperature requirements. Cold chain has always been important for this sector but now, especially with the COVID-19 vaccines requiring ultra-low temperatures, there is certainly a lot more scrutiny on this topic. We are talking about maintaining temperatures between minus 70 degree Celsius to minus 80 degree Celsius throughout the entire transport delivery cycle. This is only going to accelerate more because beyond COVID-19, the healthcare industry is also seeing new technological advancements, such as cell and gene therapies, that will require similar or even more intense accommodations. With cell and gene therapies, we are talking about harvesting cells directly from patients, manipulating them, and then reinserting them back into the same patients. We have to get it absolutely right. There is no margin for error there.

Overall, DHL is certainly committed to enhancing and developing our portfolio of solutions and services to the ever-evolving life sciences and healthcare sectors.

On a final, more personal note, 2020 has been difficult for everyone, but the logistics and supply chain sector is perhaps facing some of the biggest pressures. How do you unwind and disconnect from the job at the end of the day?

In a normal year with DHL, I am somewhat of a ‘road warrior’, logging 200,000 to 300,000 air miles annually and spending 75 to 80 percent of my time away from home. The pace is certainly not slow during a normal year, and certainly, in 2020, work has only accelerated. But it has been a mixed

blessing for me because I have been able to enjoy so much more time with my family. I have three older kids in their early-20s, and I thought I would never again be able to spend this much time with all of them at home but this year has given me the opportunity to do that again. That is really my relaxation time. When I finish work, I enjoy the opportunity to reconnect and spend time with my wife and kids, and that reminds me every day to be thankful for the blessings I have in my life. It reminds me to stop and appreciate what I have instead of thinking about what I do not have.

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