Eric ten Kate – Vice President, Global Life Science, Agility



I hope the healthcare sector starts seeing logistics players as important partners rather than mere service suppliers. The closer we can be, the better the services and solutions we can deliver

07.04.2021

Tags: Switzerland, Agility, Logistics, Distribution

Eric ten Kate, VP for Global Life Science at logistics and distribution firm Agility, highlights how the company responded to the unprecedented challenges thrown up by the COVID-19 pandemic and why it may prove to be a turning point, both for uptake of new digital solutions and for the role of logistics firms within the global life science supply chain.

Eric, could you start by sharing a little about your career journey, your decision to enter the logistics sector, and what led you to focus on the healthcare vertical within logistics?

I initially studied law but after a year, I decided it was not for me. I had an interest in international affairs and activities so I switched to study international management and consultancy, and started my career with DHL Worldwide Express, before moving to Alcoa as a supply chain manager in the specialty chemicals division. Then I went back to DHL, this time in the supply chain business with a focus on healthcare, managing a number of major European accounts.

When I was 37, I was diagnosed with atherosclerosis or blocked arteries. During that time, my wife was pregnant with our second baby, and the doctor essentially said to us, your daughter is going to survive, your wife is going to survive, but you may not. That really put everything into perspective. I had to have a stent put in, and I was very lucky, but it really brought home the importance of the

work that I had been doing in healthcare logistics. It motivated me to stay in the sector.

The work is very challenging at times because of all the requirements of Good Distribution Practice (GDP), cold chain, documentation and so on. But ultimately, it is very rewarding. You are not moving boxes, you are moving patients, in a way.

After that, I had the opportunity to move to Dubai to establish the healthcare operations of a German logistics company, Hellman Worldwide Logistics. We essentially built a Western European-style facility in the middle of the desert, which was exactly what the market needed at that time. By the time I left around five years later, we had five warehouses there and major pharma and medtech customers. At that point, Agility approached me for a global role based in Basel, where I am now.

Agility is an interesting company with many types of operations across different markets. Can you give us a quick overview of the company?

Agility started as a state-owned trucking company in Kuwait. The government privatized it at one point, and our CEO Tarek Sultan had a vision that has transformed Agility into a true global multi-national. He built world-class facilities in Kuwait and the broader Gulf region, created a global freight forwarding and logistics network through acquisitions, and added highly specialized logistics capabilities capital-intensive projects, chemicals, fuels, fairs and events, airport services and other areas. Today, Agility has a presence in more than 100 countries and is the largest logistics provider in the Middle East.

As part of its transformation, Agility made more than 40 acquisitions. One of those acquisitions was Natural, a Swiss company, which gave us a strong foothold within the life science vertical. Today, Agility Global Integrated Logistics (GIL), the company’s core commercial logistics business, is one of the world’s top freight forwarders and providers of contract logistics, present in over 100 countries; Agility Logistics Parks is one of the largest private owners and developers of warehousing and light industrial parks in the Middle East, Africa and South Asia; numerous subsidiary companies offer different services across the Middle East, Asia and Africa; and Shipa is our digital logistics platform.

The life science vertical has 37 GDP-certified stations around the world. One of our leading Pharma Competence Centers is located in Basel, Switzerland, which supports our global life sciences activities and ensures the consistency and quality of our global services. We work with a number of

global pharma companies based in Switzerland but also smaller companies and industry service providers like CMOs. Currently, we are also working with vaccine producers in the global COVID response.

Speaking of COVID, this has been one of the most disruptive events for the healthcare and logistics sectors. How did Agility respond to the needs and challenges during the past year?

I really think we are named very aptly because we are truly a very agile company. We are very customer-centric and customer-focused. We work with some of the largest life science companies in the world so we have very strong capabilities that have enabled us to respond well to the COVID challenges. For instance, we had very good contacts with different suppliers and transport providers so we were able to adapt quickly and leverage our network for PPE and related products, diagnostic and testing equipment, therapeutics, and vaccines.

The original issue was the global shortage of personal protective equipment (PPE). Border closures only exacerbated the issue. We had to find solutions quickly. For instance, we formed a joint venture in Dubai called Global Response Aid (GRA), which responded to this PPE problem by leveraging our global network to develop, procure and distribute PPE to healthcare centers in the US and other countries.

After that came the diagnostics piece. Diagnostics companies started developing rapid tests so that global travel could resume to a certain extent. One of our businesses is National Aviation Services (NAS), which manages 38 airports across Africa, the Middle East and India. NAS has worked with other Agility companies to make COVID tests and results available and verifiable for air passengers and airport employees in order to enable and accelerate the safe reopening of the aviation sector.

Through our GRA joint venture, we acquired a license for an influenza anti-viral from FujiFilm, and we are working with the Indian generics company, Dr. Reddy’s Laboratories, to produce this for markets outside Japan, Russia and China.

We recognize the importance of a longer-term strategy that involves more than reacting to current public health threats. The PPE business, for instance, is high-volume and low-value, and can become a distraction. We started building a vaccine distribution strategy internally quite early on, and we believe it will be viable and useful in the years ahead for any type of vaccines, not just COVID vaccines.

Incidentally, one of the clear lessons from the pandemic is that the world can respond to public health threats more effectively if third-party logistics players (3PLs) – as well as pharma companies – can take a more collaborative approach. The Supply Chain & Transport Industry Charter, signed by Agility and other major logistics providers at the World Economic Forum (WEF), is a great example of this.

How did you build out your COVID vaccine distribution strategy?

As mentioned, we have diverse operations across the world and an extremely strong footprint in the Middle East and Africa, as well as major Asian markets like India and China. We wanted to play to our strengths.

We also realized quite quickly that we had to be flexible. Vaccine shipments are being sent to different countries every day and sometimes orders and deliveries can change with very little notice, so we have to be flexible and responsive. We leverage our partnerships with companies like va-Q-tec and Skycell, for instance, the latter is a Swiss packaging supplier, to meet the needs of our clients during this critical period.

We also handle the transportation of the raw materials for COVID-19 vaccines.

Logistics is an industry where prices are set by supply and demand forces, and COVID has caused a significant decrease in global distribution and supply chain capacity. How has Agility navigated this in terms of pricing and costing?

Again, this has to do with relationships with your partners and suppliers. We had contracts cancelled, peak season surcharges implemented and so on, which is understandable. We had to be very inventive to find solutions. Our air and ocean teams have really shined throughout the pandemic, finding capacity, spotting workarounds, getting the job done somehow for all our freight customers, including life science customers. It has been a very challenging time, and we have had to deal with a lot of challenges and difficult decisions, but we have been creative and found solutions. When it comes to movement of vaccines, we have supported initiatives like the COVAX initiative and Abu Dhabi’s HOPE Consortium because we have found that collaborative efforts have been extremely effective in identifying potential bottlenecks, cutting through bureaucracy, and getting vital help to where it is needed.

What are some of the results of the pandemic that may prove to be transformative for Agility's business model?

The Internet of Things is definitely one. I think it is very clear that visibility is key, and we need to plan to ensure visibility. Agility has always been at the forefront of technology. In a way, we are an IT company that does logistics. You order from Amazon and you can see exactly when and where your products are and when they were delivered. I think we should have that same visibility and service from 3PLs. We want to incorporate blockchain solutions as well. For instance, some COVID vaccines require two doses. Companies, governments and patients need to be able to track when someone has taken the first dose and when they would need the second dose. And we all need to be confident that the data is current, accurate, secure and can't be tampered with. Blockchain gives us that ability.

Pharma companies are already investing in technology for serialization and other track-and-trace solutions, but so far everyone seems to be working in silos. There is a lot of potential if we can work together to establish the industry standards that will strengthen the supply chain. This could also provide more visibility into costs, which is also important to pharma companies, especially generic companies.

I also hope the healthcare sector starts seeing logistics players as important partners rather than mere service suppliers. The closer we can be, the better the services and solutions we can deliver. We try to understand our clients' products and needs as much as possible, but it is always easier if we are brought in from the start to work on the project together. For instance, we had a discussion with a vaccine producer yesterday. The producer needed everything shipped from the same suppliers because of US FDA regulations. They decided to hand the entire project to us to coordinate, and that is going to allow us to save them a lot of time and trouble and make things more efficient. A lot of pharma companies start as biotechs or R&D-focused entities, so they do not really have strong supply chain capabilities.

In addition, I do see a trend towards regionalizing supply chains. Today, supply chains are very globalized. For pharma raw materials, for instance, the world is heavily dependent on China and India. But companies and even governments are starting to think about regionalizing their sourcing, manufacturing and supply chain.

A number of global tech and e-commerce companies like Amazon and Uber are looking to enter the healthcare logistics and the supply chain space. Will they intensify the competition within this space?

I think they definitely have a part to play. They have their own systems and resources, and they can contribute a lot. However, building life sciences capabilities takes time. It is a marathon, not a sprint. It is a complex endeavor requiring specialized expertise and an eco-system of trusted suppliers and relationships. Companies like Amazon could certainly get into the business, but you can't acquire this expertise and build a reliable life sciences logistics business overnight.

On our side, we are open to partnering with new entrants. For instance, in places where we might want to start a home delivery service for medicines, we might look at working with Uber instead of building something from scratch ourselves.

Is there a final message you would like to send to our global healthcare audience on behalf of Agility?

Agility is a very agile, customer-focused company with strong competences in the healthcare and life sciences sectors. We have a world-class Pharma Competence Center in Basel, and we have a fantastic network of 37 GDP stations globally. Our teams work 24/7 to ensure that our clients receive their goods on time, and we take care to protect the integrity of their products. We have a can-do mindset, and we want to make sure that patients receive their medicines and medical devices. It is all about patient safety. When patients go to the hospital or the doctor, they expect the medicine or the treatment to work. This is what drives us and keeps us growing.

COVID has allowed us to grow and demonstrate our value as an essential partner to life sciences companies, governments and health authorities, NGOs, researchers, frontline healthcare providers — and ultimately to patients. We have gained a lot of momentum and established strong partnerships. Our senior management has demonstrated its belief in the sector by continuing to invest and to make life sciences a priority for Agility.

At the same time, we are a fun and entrepreneurial company. We want to connect the dots in the global life science supply chain landscape. We want to make things happen.

See more interviews