

Interview: Anthony Diack Managing Director, UTi Pharma, South Africa



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The managing director of UTi Pharma reveals how UTi is no longer just an international forwarding company but covers a broad spectrum of activities; why as global business increases it is only natural that the relative importance of South Africa diminishes; and why as the National Health Initiative develops there needs to be a smarter solution for engaging with the state.

You have been with UTi for a number of years, most recently as the country manager at UTi Pharma for the best part of two years. What have been the main milestones and achievements over this period?

I have been with UTi for more than 20 years, having worked in a number of different areas. Prior to my Pharma role, I spent three years as the Africa lead for a global freight forwarding project at UTi, and a member of the Africa Executive team. Whilst that was interesting on the strategic front, my skills and passion lie in running businesses and it was great to get back into operations with the Pharma role. In 2012 Pharma moved to our new facility, a considerable investment, demonstrating our clear commitment to the Pharma industry. This is one of four facilities we operate in South Africa. In 2013 we were going through a number of challenges and I was brought in to help stabilize the business. I have been in the Pharma role for just over 18 months, and we have made considerable progress on a number of fronts.

We have spent a lot of time creating the right people structure to properly support this business. We have also spent considerable time and effort understanding the technology we invested in. Our Meadowview facility in Johannesburg is highly automated, and it did take us some time to get it working seamlessly, which is now the case. As per data provided through IMS, we work with 12 of the 20 largest Pharma companies in the region. We are proud of this, and it talks to our capabilities and our ability to provide a consistent world class service to their customers. We have invested in the future, and this is a message we want our clients to hear. We look to build capacity and as our clients grow, we want them to know that we are growing with them. UTi Pharma has a fantastic team, and we are comfortable with where we are headed as a business. We have a powerful client base, and our ability to retain clients, as well as bring on new business, indicates that we are doing things right.

UTi is a global supply chain management company with 310 offices and 230 logistics centers in 59 countries. What is the strategic importance of the South African market, both in terms of expanding your footprint across the African continent and from a more global perspective?

UTi was founded by three South Africans in 1976 and the roots of the business have always been in South Africa. The business initially focused on the forwarding and clearing sector. As we grew, capabilities were created in the broader logistics environment. If you look at UTi today, we are not just an international forwarding and clearing organization – we cover a broader spectrum of activities that give us the ability to offer our clients a true end-to-end supply chain solution. We have business that offers global forwarding and clearing services, specialized warehousing through our contract logistics businesses, specialized Pharmaceutical distribution services, ground transportation capabilities and others.

As our global business gets stronger, it is only natural that the relative importance of South Africa diminishes. However, the African region is still an important part of the UTi global business, and is a big contributor to the group.

We have a considerable presence in the African region. Our strategy over the years has been to partner with agents in Africa who best understand their niche markets. We find the companies that we believe are the best in that area and partner with them through exclusive agreements.

In 2012, we heard how you were investing heavily in a new facility that would help you meet double digit growth in demand. What has been the performance of the plant since its opening?

This new facility has been fantastic for us. We invested heavily in automation, and it is really paying off for us. The efficiencies and quality that we get through the automation are incredible, and it allows us to relatively easily manage the huge volume spikes that we see moving through this business in the last week of a month. Unfortunately, the industry has not seen the double digit growth that we had hoped to see, but we are well positioned to grow with our clients as they build out their businesses, as well as attract those manufacturers who we do not do business with today.

The UTi model aims to supply all healthcare market segments. What have been the main growth drivers for the business these last few years?

Initially UTi Pharma only provided a distribution solution to the Pharmaceutical industry. Over time this has expanded, and today we offer a far broader solution. We now have capabilities in the Consumer, Devices and Diagnostics and Animal Health industries. In the Western Cape in South Africa, we also have a Centralized Dispensing Unit, that dispenses Chronic Medication to over 250 000 patients on a monthly basis. We are far broader than just a Pharma business. Today, we are called UTi Pharma. This is however in the process of changing as "Pharma" is no longer a true reflection of what we do. We are a healthcare business, and the name will reflect as such.

One of the main challenges in South Africa is delivering products to remote and rural areas of the country. What is it that makes you the right distributor to face this challenge?

A key differentiator for us is that we own an extensive fleet of vehicles that exclusively deliver Pharma products. We understand pharmaceutical products and know how they should be handled from the time we receive them to the time we deliver them to the customer. The manufacturing and warehousing components of the Pharma supply chain are highly regulated, but as soon as a product is placed in the back of a vehicle, the focus has traditionally been lost. This is however changing which is good news for all.

This fleet gives a very broad reach, but more importantly is dedicated to the delivery of Pharma and healthcare products. There is no cross contamination of products and this gives our clients and their customers peace of mind when it comes to products being delivered through the UTi Pharma network.

UTi believes that a successful National Health Insurance will require close partnership between private and public infrastructure. Tell us about the importance which UTi attaches to cooperation with all relevant stakeholders, in particular your relationship with government and industry.

Partnerships are critical. As a service provider, it is particularly important for us to understand the needs of our clients and their customers. The state remains very important to our business; a large percentage of the volume of product that passes through UTi is state related. It is important for us that we have good relationships with the state as we do form an integral part of the supply of medicines to the communities.

As the managing director of UTi South Africa, what are the main things you would like to accomplish over the next three years?

We have a number of elements that we are focusing on as part of our long term strategy. In a nutshell and in no order of importance we are looking to build on our solutions into Africa, broaden our

exposure into the Animal Health and Med Tech side of our business, leverage the current solutions we have with our owned delivery capabilities, and then grow our relationship and involvement with the State sector.

On a personal level, how will you measure your success?

Operating profit is always a key driver, so that will be a good indicator as to how successful we have been. It is, however, not the only metric. We will also look at how we have grown our client base and supported their growth strategies, what we have done to improve our basic service delivery, how we have created new capabilities in South Africa and Africa, and then how we have developed our people. If we can get these right, I think we would have done a relatively good job.

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