

Interview: Stéphanie Hervé Managing Director, Business Unit Mediterranean, GEODIS, France



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GEODIS MD Stéphanie Hervé speaks about the company's consolidated pharmaceutical logistics market with the 2011 acquisition of pre-wholesaler Pharmalog as well as the recent acquisition of OHL in the United States, matching their ongoing ambition in the field of healthcare to maintain all requirements of quality, synergy of logistics expertise, and developing customized solutions to contribute to customer satisfaction.

How important is the healthcare and pharmaceutical sector to the GEODIS group?

GEODIS healthcare activities in France started in 1992 and have grown both through organic development and external acquisitions, for example in 2011 when we acquired Pharmalog in Val de Reuil (in Normandy, north of Paris), which strengthened our position in the healthcare market and consolidated our offering.

In France, Geodis has ten sites dedicated to health logistics, with more than 500 employees and 150,000 sqm of storage and warehouse space. We also have more than 14 pharmacists in charge of operations on every site. The majority of our customers are large international laboratories and we deliver all types of products including medicines, vaccines, generics, and medical devices. We also deliver services for specific products such as ATUs (Temporary Authorizations for Use) and narcotics. Those products come in all forms with a large majority as tablets.

GEODIS helps pharmaceutical companies manage all parts of the logistics chain from air to sea freight forwarding, groupage, express, contract logistics, full truck load transport, reverse logistics and optimization of the supply chain. We focus on offering our customers high quality services with significant value-added operations for this sensitive market.

Some of the value added services that GEODIS provides include secondary packaging, reverse logistics, end-to-end solutions such as "order to cash" services where we directly prep the products, deliver them, send out invoices, collect cash, and check information on companies' behalf. We have also taken over the complete supply chain of major clients wishing to outsource their logistics operations.

What have been your main priorities since taking on this position as Managing Director of the Business Unit Mediterranean?

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We are currently present in France, Morocco, Tunisia and Spain. Each country has different specificities and constraints that should be considered before actively penetrating the market. I support my colleagues and help them develop our business in these four countries by understanding the final needs of each client. The pharma logistics business represents 15 percent of GEODIS's revenues in France and this market being the most mature, we aim to draw upon the expertise acquired to develop this business elsewhere in Europe. In the next four years I would like to further develop the pharma logistics business to reach 30 percent of our overall sales in France, while jointly expanding our activities on our 4 other markets (FMCG-Retail, High-Tech, Industry and Automotive) in order to support our clients' growth and become a key player of the Mediterranean region.

After the last seven years of economic crisis in Spain, we are trying to regrow, rebrand and expand our business again. Considering the 20 percent unemployment rate, we are not heavily invested in expanding and increasing operations in Spain until the economic crisis slowly resolves itself. Morocco and Tunisia are two countries with good growth potential and opportunity for expansion as they rapidly develop their economies.

Following Airfrance KLM's recent CEIV certification, what are the initiatives Geodis is taking to maintain the highest level of quality standards in the logistics industry?

As a fully certified logistics carrier and complete value chain processor to the industry, we are authorized as a depositary and, in order to perform logistic related deliveries, this certification is necessary. This request has to be made to the minister of health to obtain the certification by the ANSM (Agence nationale de s curit  du m dicament et des produits de sant ) and ANMV (Agence Nationale du M dicament V t rinaire), which are different entities that audit our activities and make sure we maintain all required qualifications for our customers. We also work with GDP (Good Distribution Practices) and GMP (Good Manufacturing Practice) which are guidelines and processes to assure that we meet the required standards of the sector and that our staff is trained for these specific operations.

We are not only a pharma logistics provider but also a pharma depositary. Pharma depositary is a very challenging status and certification which requires that we always have pharmacists on all sites.

Are there any types of new services that you are providing to your customers?

Our business has evolved with pharma industry and we strive to offer full value chain logistics operational support in order to become a key partner to their operations. In the past, many laboratories and companies focused on developing their own logistics in house; today we see that

laboratories tend to outsource many of their activities to focus on their core business. Logistics operations in the pharma sector as a whole have changed significantly over the years. For example OTC products tend to be seasonal and require seasonal promotional activity. We can therefore use our expertise in retail and fast moving consuming goods to manage packaging, labelling and transportation services. The future may shift from the typical process where products are moved from wholesale production to pharmacy and finally to the ultimate end user. We believe that the future of pharma logistics will deliver products directly to the patient. This meaning that GEODIS is now looking to manage internal logistic processes differently in order to adapt our delivery methods to smaller quantities and more specialized orders while increasing traceability with the help of specialized IT solutions.

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How are you working to improve conditions and time effectiveness issues for your clients?

We are focused on providing efficient services with the highest quality and flexibility depending on customer needs. At the moment we are also working with reverse logistic services that helps answer specific customer needs. Reverse logistics is a service that we provide to companies who wish to end the life of a specific product. We help companies take care of the full cycle to dismantle and dispose of product from decontamination to recycling.

GEODIS recently acquired a facility in Val de Reuil, Normandy, strategically placed in the vicinity of several large pharmaceutical companies. How does this proximity influence GEODIS's strategy of building partnerships with pharmaceutical companies in the region?

The acquisition of Pharmalog in Val de Reuil was a very strategic decision made internally. Pharmalog was a very well-known logistics provider based in a strategic location in the vicinity of several large pharmaceutical companies. It is absolutely essential for us to be close to our customers. The pharmaceutical expertise that was acquired combined with our logistical expertise and knowhow created an optimal solution for our customers that have factories and offices located in the vicinity.

In addition to Val de Reuil, we have chosen to develop another Geodis hub and location near Orleans, where there is also a significant presence of pharmaceutical companies. We chose our location according to our customers's geographical presence; which has led to our operations and sites in Normandy, Paris, Orleans and Lyon.

Why is GEODIS the logistics partner of choice for the pharma industry?

With more than 20 years of experience in the pharma industry, GEODIS has the capacity to propose global end-to-end solutions to both large and small to medium size companies. Our edge is the design of tailor-made solutions that fit the needs and constraints of large companies, and provides synergies and mutualization for medium or smaller actors. This is made possible by specific management tools: IT solutions, Lean Management and an encompassing satisfaction program.

In term of international presence, what are GEODIS's target markets and strategies?

GEODIS's network covers more than 120 countries around the globe with the Group revenue split between Europe (64%), America (25%, including OHL) and APAC (11%). In the European pharma sector, France is the largest market and we also operate healthcare services in Ireland and Benelux, whereas we have a smaller presence in the UK and Germany.

Outside Europe, GEODIS provides logistical services in the American healthcare market, thanks to the recent acquisition of US-based company OHL and we would also like to develop pharma activities in China.

Are you looking at making other acquisitions to develop GEODIS operations in the world?

Today we are able to provide end-to-end supply chain solutions on all major markets, nevertheless will look to acquire more knowhow and are always looking for potential opportunities because consumer trends and global constraints are rapidly evolving and represent new challenges for us.

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