



WEBINAR 3 EXECUTIVE SUMMARY

COVID-19

Seen through the glasses of world opinion leaders of the Life Science and MedTech industry together with experts of the airfreight industry



Introduction

Pharma.Aero is an industry initiative that aims to achieve excellence in reliable end-to-end air transportation for pharma shippers, by fostering collaboration between CEIV-certified airport communities dedicated in developing and pioneering when it comes to handling, storage and air transportation of pharmaceuticals. In light of the current COVID-19 pandemic, Pharma.Aero is organizing a series of three webinars, in collaboration with STAT Trade Times.

The purpose is to bring together various stakeholders across the air cargo industry and the logistics and supply chain leaders of global pharmaceutical companies. Each webinar features rapid fire presentations, where opinion leaders set the scene, by sharing their insight and perspective, followed by a moderated round table discussion, where industry experts give their feedback to the earlier presentations and open up discussion with the opinion leaders and the audience.

After the astounding success of the first two webinars themed “Current impact of COVID-19 on Life Science and Medtech air cargo industry” and “The day after COVID-19: how collaboration can prepare us for the impact”, the third and last of the series is themed ‘The future: Will Life Science and MedTec air cargo supply chain be completely different post COVID-19?’. This webinar, which was held on June 18, 2020, aimed at addressing how Life Science and MedTech companies, as well as air cargo operators will deal with supply chain challenges in the future with the lessons learnt from the current COVID-19 crisis.

Frank Van Gelder, Secretary General at **Pharma.Aero**, kick-started the discussion with an observation that after the acute impact of the crisis, tackling the future supply chain challenges should concentrate on strategic, operational and tactical approaches. In his view, the cornerstones for the future should be visibility, flexibility, collaboration, and control.



Wouter Dewulf, Academic Director C-MAT at the **University of Antwerp**, predicted that the healthcare and life sciences sector will gain strategic importance

over the medium to long-term period but with increased government intervention. The consequences of these changes will lead to: 1. shorter supply chains, especially for sensitive and critical products; 2. increased alliances; 3. commoditization and 4. strategic stock building. Dewulf also forecasted more vertical alliances and collaborations in the industry. Economies of scale, scope and density will drive alliances and mergers and acquisitions (M&As). As M&A efforts will continue over the next couple of years, the supply chain industry for life sciences will result in an oligopoly with only five or six big players remaining. He viewed that Asia Pacific to be the hub for production as well as consumption, in the next 20 years, as the region’s GDP is expected to double and the life science volumes will triple. Increased investment in R&D by governments is likely, but this could also politicize the life sciences sector.

Marc Schmid, Head CHHub and Logistics Expert at **Novartis**, said that the company has managed the entire Covid-19 situation well, resulting in their global operations continuity with minimal impact on its employees, customers and suppliers. Schmid highlighted critical factors such as visibility, agility, resilience, and risk mitigation, which enabled them to continuously deliver quality products to their customers. Various risk mitigation actions were undertaken which included stock building in countries and transportation alternatives such as air-sea options. Going ahead, ideas such as local manufacturing versus global supply chain are currently under review as shorter supply chains could make the difference in the future. From a transportation's point of view, they will further explore the possibility of hub concepts for last mile distribution. Alternative shipping solutions such as sea freight, rail or a combination of multimodal services are also under consideration given the capacity issues that the air freight sector is currently facing. In addition, the need for transparency

along the supply chain will push Novartis' ambitions for automation and digitalization. While digitalization has been a top priority at Novartis, connecting all of the dots across the supply chain is a major challenge most stakeholders face.



Kathleen Buckley, Director for Inter-Regional Transport Excellence Consumer/Pharm at **Johnson & Johnson**, said that while there were many business continuity plans (BCP) in place to handle different contingencies, they did not have a global pandemic BCP for their transportation system, especially with the entire air freight system close to shut down for a couple of weeks. Hence, that is one area that needs to be reviewed. In her view, in order to succeed moving forward, flexibility is key. Buckley also placed digitalization high on agenda as that would be a key success factor moving ahead. She added that digitalization has always been part of J&J's strategy and this has been accelerated with the current pandemic.



Jaisey Yip, Vice Chairman, **Pharma.Aero** and Head of Cargo and Logistics Development at **Changi Airport**, noted the importance of agility and emphasized that agility can come about only if there is real-time supply chain visibility as well as transparency. Even before we start to build up supply chain visibility, first and foremost, quality and reliability have to be embedded across the supply chain. Different actors in the pharma supply chain should closely collaborate, harmonize standards as well as to jointly establish quality standards.



Paul Delbar, Solution Architect at **Nallian**, noted that everyone in the supply chain still suffered from a lack of visibility and predictability, so they had to increase their efforts to coordinate planning and avoid bottlenecks. Delbar further noted that whenever there is a disruptive event, one goes back to risk reducing strategies, such as building stocks locally and solidifying partnerships over the long term to make it more predictable and more stable. However, he questioned if there is a risk where we end up repeating the same errors that were made in the past about long-term stable relationships, thus killing the innovation.



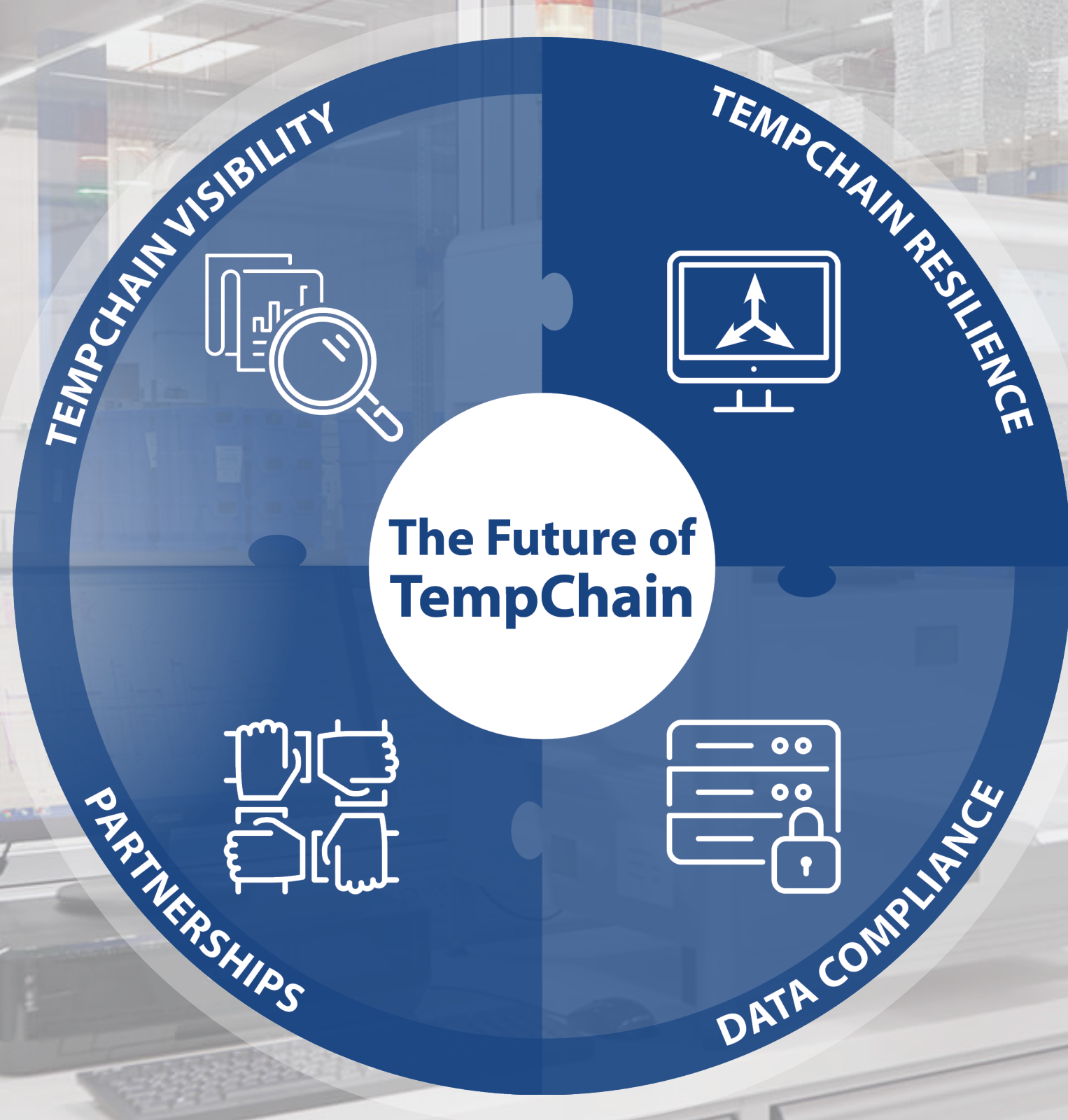
Conclusion

Trevor Caswell, Vice Chairman, **Pharma. Aero** and Manager, Demand & Product Development (Cargo) at **Edmonton International Airport**, concluded that through this tragic and negative experience the whole world has gone through, the focus has to be on positive outcomes. Among all the lessons learnt, the pandemic has taught the supply chain to focus on vertical alliances, flexibility, and visibility. Developing agility and resilience in the life science supply chain can create a stronger sector for all partners involved. One of the long-term opportunities is the increase in demand for life science products over the next 20 years, which is expected to see a substantial increase in growth for all companies involved. The entire network – right from manufacturing to the global distribution will need to come together and work collaboratively to make sure the sector remains strong and agile going forward.



Alex Leung, Cargo Product Manager at **Cathay Pacific Airways**, asserted that the current situation has prompted us to think outside the box. He impressed upon the need to be agile to implement all the changes very quickly. Also, tripartite partnership between airlines, forwarders and shippers becomes very crucial.





TempChain 4.0 – Digital solutions for future challenges in pharmaceutical supply chains

Christopher J. Storch, Global Head of Sales of the **va-Q-tec Group**, spoke about the impact of Covid-19 in global pharmaceutical supply chains, the resulting challenges and va-Q-tec's digital solutions.

Despite the limited flight operations during the corona crisis and the resulting significant reduction in cargo capacity on most lanes, va-Q-tec's transport solutions are currently involved in more than 50% of the worldwide temperature-controlled transport of Corona test kits - in addition to the logistics of other pharmaceutical products and drugs. The advantages of the innovative passive thermal containers and boxes payed off. Even in the event of unforeseen delays, the solutions were able to keep valuable products at the required temperature - without the use of the hazardous material like dry ice.

The efficient handling of these logistics processes in such challenging times are only possible through the intelligent integration of digital tools and innovations. In order to optimally manage these shipments and to enable clients to process their orders quickly and efficiently, va-Q-tec offers a comprehensive software solution: The TempChain Service Software. The unique optional service solution va-Q-nection combines the advantages of The TempChain Service Software, a smart va-Q-proof box, a Bluetooth data logger and the va-Q-nection App. This ensures 100% data transparency and quality assurance through digitalization. Blockchain technology protects all data against falsification and misuse. Through strong partnerships, even the most challenging logistics requirements can be practiced reliably and securely.

The seamless interactions of all these points leads to a strong resilience of the TempChain and thus to pharmaceutical supply chains that can be adjusted in a flexible and agile manner - the indispensable premise to reliable worldwide pharmaceutical supply chains.

Recording available at
https://youtu.be/is_TJKWmoEg



WHO ARE WE?

Pharma.aero is a **global cross-industry association** aligning members from airport communities, pharmaceutical shippers and other air cargo stakeholders to collaborate and enhance end to end air transportation of pharmaceuticals.



GOALS

- Develop strategic partnership with pharma shippers
- Promote air cargo as a reliable transport mode for pharmaceuticals
- Co-create supply chain solutions for the pharma industry
- Develop thought leadership in pharma air freight business



STRATEGY

- Foster strong collaboration
- Stimulate cross-industry networking
- Consult the pharma shippers
- Develop an unbroken cold chain
- Connect CEIV airport communities
- Create content & share excellence
- Develop Best Practices
- Focus on fora and projects

OUR VISION

Achieve excellence in **reliable end-to-end** air transportation for **pharma shippers**.

OUR MISSION

Foster collaboration between CEIV certified airport communities that are dedicated in developing and leading the handling of pharmaceuticals.

WE CONNECT PHARMA

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