



WEBINAR 2 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 view of the current COVID-19 pandemic, Pharma.Aero is organising 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 will set the scene and share their perspectives. This will follow by a moderated round table discussion, where experts of the industry give their response to the earlier presentations and open up discussion with the opinion leaders and the audience.

Following the successful first webinar titled ***“Current impact of COVID-19 on Life Science and Medtech Airfreight Industry, opinion leaders’ perspective”***, the second webinar themed ***“The day after COVID-19: how collaboration can prepare us for the impact”***, which aimed to address how life science and MedTech companies and air cargo operators can play a crucial role in collaborating to uphold global supply chain standards post-COVID, was concluded on the 28th of May.

The Day After COVID-19: How Collaboration Can Prepare Us for The Impact

Frank van Gelder, Secretary General, **Pharma.Aero** set the stage for the second webinar by stating that the greatest lesson that COVID-19 can teach humanity is that we are all in this together, to beat this pandemic and the economical bloodshed it has caused. It has made the industry come together and collaborate as one.



The Perspectives: Word by the Opinion Leaders



Ruud van der Geer, Assistant Director, Global Delivery, Strategy Team, **MSD** kick-started the session by stating that the need for digitalisation in the supply chain - to create visibility, detectability and control over pharma products while they are being

shipped – is more important now than ever. MSD has embarked on a cloud-based digital logistics platform, enabling data connectivity multiple sources, to provide end-to-end track and analysis, information on temperature and any cargo tampering, pre-emptive alerts and predictive analysis. The platform also allows MSD to perform swift lane risk assessments. During this pandemic, the digital solution gave them the much-needed agility to decisively and quickly divert critical products to where they were needed – often within a very short time-frame. Digital transparency has helped the company make quick decisions, bring in greater transparency, as well as better control in these extraordinary challenging times.

The Perspectives: Word by the Opinion Leaders

Rita O'Sullivan, Head of Global Transportation at **Zoetis**, was of the view that availability and continuity of quality information is key to managing businesses. Given the highly complex nature of pharma supply chains, there isn't a one size-fits-all solution, even prior to the pandemic. The unprecedented situation currently has forced everyone in the supply chain to think differently and go back to the basics. Inadequate air freight capacity which led to skyrocketed airfreight rates, practically increasing between 200 and 500% overnight, have forced pharma companies to consider other modes of transport. In the current situation, not all airlines or freight forwarders are going to make it through these troubled times. A lot of logistics players will now focus on survival and staying in business and hence, there may be a pause in new initiatives and developments. The return to normalcy may not be as straightforward. The re-opening of economies will also lead to different industries compete for the limited capacity available on aircraft. In this situation, airlines might



choose a policy "go where the money is" in assigning space. Notwithstanding this, there is a continued need to ensure supply chain integrity, improved end to end supply chain visibility, seamless handshakes amongst the players in the air cargo supply chain, and improved cold chain facilities.

The Perspectives: Word by the Opinion Leaders

Andrea Gruber, Head Special Cargo, IATA, put forth some interesting facts and figures. At the end of 2019, more than 30,000 aircraft took to the skies with pharmaceuticals making up for up to 1.9% of all cargo volumes flown by air and contributing to 2.6% of the total airline cargo revenue. Four months later, in April 2020, 18,000 aircraft were grounded after travel restrictions were imposed and the industry projected overall revenue reduction in excess of \$314 billion for the year with 4.5 million flights cancelled until the end of June. These numbers illustrate the extent of the current crisis on the air cargo industry. However, the capacity shortage is likely to be temporary as belly capacity gradually returns to service. IATA estimates that the overall cargo volume could decline by between 14 to 31% in 2020. Right now, air freight is critical in the global fight against COVID-19. However, our industry still continues to face bureaucratic hurdles and this is where collaboration is essential.

The aviation and the pharmaceutical industry have been working collaboratively for many years in enhancing quality and standards. Programmes like CEIV, which started in 2014 and has about 300 certified companies so far, provide a strong foundation for companies to move critical pharma during the pandemic. IATA, in cooperation with the various stakeholders, has also developed guidelines on how to safely transport cargo

in the passenger cargo-only flights in the current situation.

Enhancing patient safety and quality of care can only be achieved by interconnected logistic networks, improved supply chain digitalization and end-to-end visibility, as well as transparency of existing capacity and facilities. The crisis has sped up innovation. For example, some customs authorities are moving fast towards digital implementations of processes to avoid paper handling for safety during the COVID-19 pandemic. IATA, on its part, has already put in place remote assessment in relation to their CEIV validation and auditing process.



The Debate: a word by the industry experts

Nathan de Valck, Chairman, **Pharma. Aero** and Head of Product and Network Development, **Brussels Airport Company**, was impressed with the level of agility of the shippers towards their processes and supply chain, and was keen to understand shippers' expectations from the air cargo industry in supporting their digitalisation pursuits. According to him, a lot of airports are taking initiatives on sharing data at a local level. Meanwhile, on a global level, a lot of initiatives have started using cloud-based platforms. However, while the technology does exist, the challenge lies in finding like-minded people with the willingness to collaborate.



Nina Heinz, Global Head of Network and Quality, **DHL**, was of the view that change is the only constant in the current times. She was impressed by how the pharmaceutical shippers were dealing with the current changes and were looking at such changes as opportunities to improve collaboration. In her opinion, a risk-based approach is becoming more accessible and acceptable in respect to assuring product integrity.

The Debate: a word by the industry experts

Christine Richard, Senior Director of Marketing and Pricing, **Amerijet**, propounded that innovative approaches is the way out given the unpredictable and challenging future ahead of us. Developments should concentrate on fast-tracking data sharing with high quality information as part of risk-based assessment.



Summary

In summarizing the key takeaways from the second webinar, **Jaisey Yip**, Vice-Chairman of **Pharma.Aero** and Head of Cargo and Logistics Development at **Changi Airport**, concluded that COVID-19 has exposed pharma companies to unprecedented supply chain risks and challenges. Even though most of us are practicing physical distancing but when it comes to the pharma supply chain, the industry should be holding hands and be more tightly knitted than ever to ensure that lifesaving medical supplies are safely and reliably transported from point to point. Supply chain collaboration comes in different forms, from data sharing, supporting each other's digitization projects, expectations alignment, to standards harmonization. Collaboration should also not be limited to just bilateral relationships, but as a community such as Pharma.Aero's mandate.



Increased demand for RAP e2 when air cargo space plummets

The pandemic caused by the virus COVID-19 has led to a severe shortage of available air freight capacity. Many airlines have cancelled almost all international passenger flights, which has led to a decrease of air cargo space by 90%. Logistics departments at pharmaceutical companies are now racing to find new solutions for shipping their products. As companies try to maximize load volume efficiency, Envirotainer has noticed a significant increased demand for the large RAP e2 container.

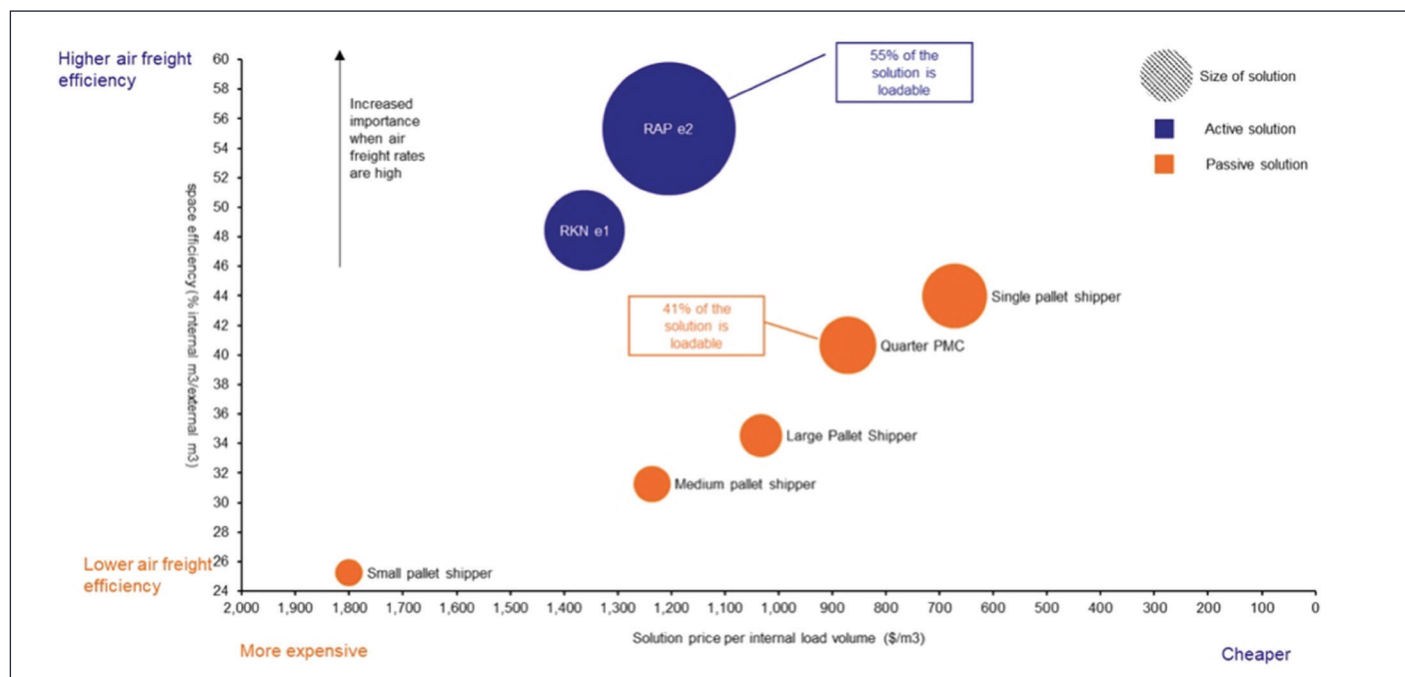
"We see a strong increase in demand for all units since the COVID-19 pandemic started, especially for our RAP e2. Pharma companies want to get as much products on each plane as possible and for that the RAP e2 is unmatched," says Cihan Likogullari, Global Key Account Manager at Envirotainer.

Maximizing payload efficiency

When comparing the active RAP e2 with smaller and less advanced passive units, it becomes clear that large ULDs are more cost efficient in the current market situation. The amount of insulation material in passive boxes reduces the payload volume per total volume. For small pallet shippers, insulation,



cooling material and the box itself can make up a large part of the total volume, with only 25% payload efficiency. Another obvious advantage of RAP e2 is the active temperature control, which makes it a safer option for transporting sensitive pharmaceuticals.



Larger units such as RAP e2 have a significantly higher load volume efficiency compared to smaller passive solutions.

COVID-19 has changed the cost structure of pharma air freight

With a significant increase of air freight costs in the wake of the COVID-19 pandemic, the whole cost structure changes. As a result, many pharmaceutical companies risk using suboptimal freight solutions since different costs are evaluated separately from each other or are even on different budgets in different departments. It is important to get a complete picture of all costs, since there is an inverse proportion between the payload cost efficiency of the packaging solution and the air freight costs.

Example: Choosing the optimal air freight solution

One of Envirotainer's clients needed to ship a large volume of life-saving pharmaceuticals. Their only option in the current situation was to charter an airplane. The cost for charter was well over 1 million USD. They understood the value of optimizing the cargo space and reached out to Envirotainer to get help to evaluate different options. Small passive shippers were quickly ruled out since the insulation takes up most of the space. Envirotainer's RAP e2 would load more than twice as much product in the cargo belly compared to the passive units. Instead, the choice was between large active units such as RAP e2, designed to fit 5 EU pallets, and large passive units, with space for 2 EU pallets. The choice was obvious. The large RAP e2 had a much higher load efficiency on the airplane.

"In Q1 & Q2 of 2020 air freight prices skyrocket and supply is scarce. We are proud to be part of the solution to secure that patients receive their medicine in time and in good condition," comments Karen Harbour, Strategic Account Manager at Envirotainer.

Envirotainer is the world leader in air-transportation solutions for temperature-sensitive pharmaceuticals. We believe that our largest contribution to a sustainable world is helping our customers enable global access to life-saving pharmaceuticals, through patient-safe, reliable and efficient cold chain solutions.

Please contact us for help or visit
www.envirotainer.com

Recording available at

https://www.youtube.com/watch?v=9QomB8D-lP8&trk=organization-update-content_share-video-embed_share-article_title





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.



For Further Details

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