



Global Transport and Logistics

# DSV Healthcare Devices and Diagnostics



# Organizational overview

DSV Healthcare is South Africa's leading distributor of pharmaceutical and healthcare products, and part of DSV South Africa, wholly owned by DSV A/S, a global supplier of logistics and transport services listed on NASDAQ Copenhagen.

Global services are provided through three divisions, DSV Air & Sea, DSV Road and DSV Solutions. Together with its international network of partners and agents, DSV operates in more than 80 countries from 1,000 branch offices, terminals and warehouse facilities.

Originally formed as IHD and subsequently named UTi Pharma, following its acquisition by UTi in 2004, DSV Healthcare came into being following the acquisition of UTi by DSV in 2016.

## OUR MARKET

DSV Healthcare provides warehousing, distribution and logistics services in relation to the following sectors:

- Pharmaceuticals (generics and innovator)
- Animal Health (including dangerous goods)
- Devices and Diagnostics
- Consumer Health
- Public sector through public/private partnerships

DSV Healthcare in South Africa represents over 60 individual pharmaceutical and healthcare organisations and delivers more than 25 000 parcels per day to more than 4,200 customers and 10,500 delivery points. The customer market includes:

- 900 general and specialist doctors
- 1 250 pharmacies
- 200 private hospitals
- 160 public depots, hospitals and clinics
- 45 export locations
- 1 500 other healthcare facilities
- 75 FMCG customers, delivering to 4 300 retail stores
- 90 wholesalers
- 400 public (NHLS) and private laboratories







## OUR COMPETITIVE ADVANTAGE

DSV Healthcare has been in operation for more than 20 years and in co-operation with its clients has over this time established world class warehousing and transport infra structure, tried and tested operational processes and stringent security, quality and governance standards. Our service levels, measured monthly, to client and customer are excellent and we record close to 100% stock accuracy, with stock write off's well within industry tolerance levels. Our philosophy is to develop long term partnerships with our clients.

The scale of our operation enables economies of scale which we pass on to clients and our automation ensures that we remain within SLA even as volumes peak over month end.

We pride ourselves at having the most extensive public and private customer footprint in the healthcare sector (which extends to the network of public and private laboratories) and we touch most of these customers daily, with our next day delivery service. DSV Healthcare is the only distributor who offers a comprehensive independent direct to customer footprint.

Currently a level 3 (value adding supplier) but with a clear strategy, including black ownership, we are striving for a level 2 on the new codes.

DSV Healthcare has extensive experience in handling specialized pharmaceutical products, including cold, schedule 6 and high risk/high value product. We are currently the largest private distributor of cold product into both the public and private sector and are constantly innovating in this field.

Whilst medicines warehousing and distribution makes up a large proportion of our business we have significant representation in the diagnostics and devices sector as well as the animal health sector, we also have FMCG capabilities. This enables a one stop warehousing and distribution solution for clients with diversified product portfolios.

In relation to the public sector DSV Healthcare's competitive advantage is scale – we deliver more than R3,5 billion per annum into the public sector annually and access most of the depots and hospitals daily. In addition we understand the importance of state process compliance, accuracy of order and POD compliance in order to enable collection of cash from the public sector.

Our distribution network is dedicated to healthcare. We offer World class levels of fleet and network security and governance. We temperature monitor our vehicles and are in process of rolling out temperature control.

DSV has a number of solutions on offer for servicing Africa and can customize solutions depending on client requirements relating to warehouse locale, bond/non bond and in country ownership model.

## OUR PRODUCTS AND SERVICES

DSV Healthcare is structured to meet the unique and specialized distribution requirements of the healthcare industry it serves, including product specific and customer market specific requirements.

DSV Healthcare offers a number of core products and services including:

- the full order to cash solution (which includes warehousing, transport and administrative services [order capture and cash collection],
- warehousing only,
- transport only (last mile distribution),
- specialized solutions for Exports into Africa and for cold chain warehousing and distribution,
- a range of supporting value added services (VAS).
- In addition DSV healthcare participates in public private partnerships to provide healthcare logistic services to the public sector.

At a high level these services offered are as follows:

### Order to cash

DSV Healthcare's core offering is the order to cash service – this entails the services of warehousing, customer order processing, customer order pick and pack, and delivery to customer, credit control and collection of cash from the customer. This service is the service of choice for the pharmaceutical manufacturing clients and they benefit from the economies of scale associated with a multi-client warehouse and the one customer account set up. This service is offered primarily on a decentralized basis through the DSV Healthcare facilities in Gauteng (2 facilities), KZN, Western Cape and Eastern Cape. In addition to these facilities, DSV has an additional 9 facilities to delivery cross dock orders in order to achieve its service level of primarily next day delivery to retail pharmacy and delivery within 2 business days to wholesalers.

### Warehousing only

While the order to cash model is the preferred choice of most of DSV healthcare's pharmaceutical clients, a range of warehousing only (some with transport) models were developed as part of DSV's devices and diagnostics offering.

### Last mile delivery

DSV offers a "Last Mile" delivery service to clients whose warehousing is provided outside of DSV and DSV provides the service of final distribution from the client's warehouse to the customer.

### Public/Private partnerships – Chronic Dispensary Unit (CDU) in the Western Cape

CDU is a courier pharmacy, wholly owned by DSV Healthcare, South Africa's leading distributor of pharmaceutical and healthcare products. The CDU delivers medicine directly to more than 285,000 state patients via approximately 130 state healthcare facilities in the Western Cape.

### Value added services (VAS)

DSV Healthcare offers more than 30 Value Added Services to its clients, including warehousing services, marketing, sales and communication, debtor's administration and cash collection, data, reporting and programming, delivery services, quality control, risk and governance services, additional services, group services and Africa bond services.

### Area of specialization – cold chain

DSV Healthcare is the largest private distributor of cold chain products to the public and private sectors in South Africa – and the only distributor to specialize in this field.

### Africa bond store and partnership in East Africa

DSV offers solutions for West and East Africa, which are an extension of the current DSV solution.





DSV Healthcare typically provides Devices and Diagnostics clients with customized solutions, including full order to cash, warehousing and transport logistics (with a real time interface for orders) or transport only. DSV Healthcare represents 11 diagnostics and devices clients.



# Services to the Devices & Diagnostics Sector

## **OUR MARKET**

The products are primarily top end, specialized diagnostics and devices; in addition we have spares handling capabilities. Cold chain and frozen storage is a key requirement. The customer market is public and private hospitals and laboratories.

## **OUR SERVICE ENABLERS**

As a norm, warehousing space for devices and diagnostics clients is dedicated (in a multi-client facility) and the dedicated area is customized to meet the requirements of the clients' product.

The 12 500m<sup>2</sup> DSV Longmeadow facility in Gauteng (pharma grade) is our specialized diagnostics and devices facility and is also ISO 9001:2009 certified and ISO 13485 (devices) accredited. This facility also houses our 2300m<sup>2</sup> cold facility.

In order to meet client requirements we have developed competencies in the following areas:

- Kitting (made to stock and made to order);
- Repack/relabelling;
- Consignment stock;
- Instruments and spares handling;
- Direct orders (cross docking).
- Serialization to unit level.

Our transport solution for the devices and diagnostics customers entails deliveries to all of the public and private laboratories and to public and private hospitals. For deliveries to laboratories we have developed a customized shipping manifest.

Cold chain is a key enabler for these clients and we have full capabilities to handle cold and frozen product (including dry ice shipments). Our Longmeadow facility has a 2 300m<sup>2</sup> cold storage area (including a cold receiving area) and in order to ensure that the cold chain is maintained during transport DSV uses either validated packaging or we make use of refrigerated vehicles.

In order to ensure that DSV is positioned to handle future regulatory requirements and to meet Industry standards a comprehensive serialization project is underway to upgrade our product serialization capabilities and DSV is rolling out a vehicle temperature monitoring and control solution.

## **COMPETITIVE ADVANTAGE**

Our competitive advantage lies in our customer footprint (accessing laboratories and hospitals daily) and experience in this specialized field, our first diagnostic and devices client was Becton Dickinson in 2006, since then we have added 10 more diagnostic and devices clients to our portfolio and have progressively developed customized solutions and specialized processes for this sector.

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