



Kuehne + Nagel Helps Roche Slash Operations Costs, Meet Regulatory Requirements

Flexible solution supports integration of acquired business

SITUATION

Few industries have seen more changes than the pharmaceutical industry. Competition and managed healthcare has driven mergers and acquisitions. Pressure is on pharmaceutical manufacturers to cut operational costs and improve service. This is the environment within which Hoffmann-La Roche – a world leader in the development of innovative pharmaceuticals such as Valium and Invirase – operates.

Roche Pharmaceuticals, a division of Hoffmann-La Roche, has prospered in this. Kuehne + Nagel has helped Roche to reduce operations costs significantly by making more productive use of inefficient storage environment, expanding production to meet market demand for its products while seeking acquisitions of its own. In the mid-1990s, Roche decided to look for a logistic partner to improve its logistics program while allowing it to better use its valuable storage space for manufacturing, increasing output and supporting sales growth.

SOLUTION

Roche selected Kuehne + Nagel to operate a large dedicated distribution center (the contract originated with former Kuehne + Nagel subsidiary, USCO Logistics). Kuehne + Nagel's team of engineers worked with Roche to design and operate a facility that was compliant with the strict requirements of the Food and Drug Administration and the Drug Enforcement Administration. Temperature-controlled space was installed, along with state-of-the-art security and vault for controlled drugs.

Less than a year after opening the new facility, Roche purchased Syntex Laboratories, and asked Kuehne + Nagel to consolidate product from the Syntex facility in Ohio into the new Roche facility in Joppa, Md. The Joppa facility had to be reconfigured to handle the added volume until a new 55,000 square foot addition was completed. The reconfiguration included changing from 12-foot to 9-foot aisles and designing a more efficient shelving system, resulting in a 35% increase in storage capacity.

The transition included temporary handling of Roche's samples, promotional goods and literature from Kuehne + Nagel's Jersey City, N.J., facility. This undertaking was handled without impact on field representatives who rely heavily on timely distribution of product samples. Today, Kuehne + Nagel handles all of Roche Pharmaceuticals domestic customer shipments.

RESULTS

Kuehne + Nagel has helped Roche to reduce operations costs significantly by making more productive use of inefficient storage space at Roche and by absorbing Syntex products into Roche's distribution center with no disruption in customer service. Kuehne + Nagel also helped Roche:

- Cut cycle time for product delivery to customers
- Meet all FDA and DEA storage and distribution regulations

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