

MAGAZINE

ZERO ERROR RATE

100 per cent quality in logistics –
can it be achieved?

THERMOMED

New fleet provides
increased reliability

CUSTOMER REQUIREMENTS

Solution for secured
personal delivery

*How trans-o-flex
customers benefit
from digitalisation*



YOUR OPINION IS NEEDED!

You are looking at the first edition of the trans-o-flex customer magazine. How do you like it?

Tell us what you think. We have prepared a brief online survey for that purpose. It will only take you two minutes to complete, and you could even win a prize. In order to access our survey, you only need to scan the QR code shown on this page or access the link given. We are raffling three 70-centimetre long remotely controlled trans-o-flex trucks among all participants.

Your feedback is important to us! Please therefore, after reading this magazine, take a minute or two to answer the survey.

Direct link to the survey: goo.gl/UiT2Mh

Thank you, and good luck with the raffle!



LEGAL NOTICE

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DEAR READER,

Communication is not everything. Without communication, however, everything is nothing. That describes why we do this customer magazine very concisely. We would like to provide comprehensive information, show you what we are working on, and answer your questions. How is trans-o-flex positioned? Where do we go from here? What can customers expect from us in the short, medium and long term? First of all, there are three key points.

Quality. Quality always has to come first. And that applies to all sectors. We have made significant progress this year, stabilising trans-o-flex at a high level. We believe, however, that this is not enough, and we are aiming for more. The aim is to always deliver 100 per cent up to job requirements, wherein it is up to the customer to decide whether he or she has been pleased with our services or not. It is as simple as this: If you send out 100 Christmas presents for children and 99 of them arrive, then one child is left sad. That is why we always have to aim for 100 per cent customer satisfaction. We are working on achieving that.

Finance. Following our very intensive year of 2016, today we can state with some pride: Our economic position is sound, and whereas we have not yet quite made it to where we want to be in the long term, we have put a stop to the losses of the past year. As regards the operating profit, this year we will end the year in the black. Many different aspects have contributed towards this. We have, for example, waved goodbye to certain types of sales that were unprofitable or did not fit in with our approach. Examples include tyres, exhaust pipes, bicycles, oil barrels or machine parts. We have adapted the fleet structure. In the process, the costs have decreased more than the sales. For that reason, the budget agreed with the owners for 2017 has been exceeded every month. The financing is now on a firm footing and secured for the long term.



Objectives. Our most important objective is to be leaders in quality for our customers. This has many facets. We will continue to invest in our fleet and modernise it. Our ambient network, which is already quite comprehensive, is being consolidated further, in order to keep up with the pace of growth. We will continue to enhance our products and, for example, introduce a service with

a guaranteed delivery time. We will continue to further improve transparency in the customer portal mytof.de. And our customer service will be adjusted to your special requirements, which means: shorter handling times, proactive information and permanent contacts.

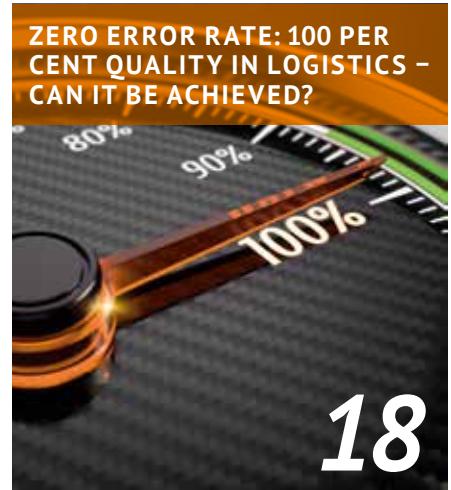
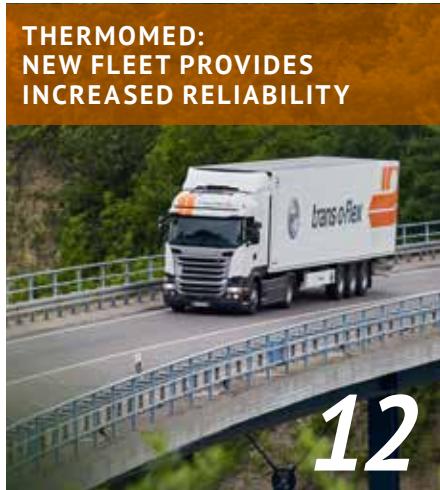
Last, but not least, I would like to thank you for remaining loyal to trans-o-flex during its history of changes! I am convinced that your patience has paid off. We will offer you and your customers the best service. We are well on track for that, and this magazine can provide you with an appetizer for what is to come.

I wish you a great deal of pleasure reading our magazine.

Warm regards,

Wolfgang P. Albeck
CEO

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IT CERTIFICATION MEANS INCREASED SECURITY

trans-o-flex IT-Service GmbH is supposed to be certified in accordance with ISO 20000 already this year. "In that way, we prove that we have successfully established a process-orientated management approach, that our entire IT operations are focused on customer requirements, and that quality management as well as ongoing optimisation processes are as firmly anchored in our IT organisation as are deviation and fault management", says Stefan Thömmes, Head of Systems Development and Managing Director of trans-o-flex IT-Service GmbH. This does not mean that ISO 20000 replaces ISO 9000. It rather supplements ISO 9000, and is in this sense specifically meant for the entire field of IT. In addition, certification in accordance with ISO 27000 is aimed for, which would enable trans-o-flex to document compliance with a whole range of IT security standards.

The certification not only increases the security, as processes are clearly defined, reviewed and constantly improved, but is also part of the GDP compliance. Mr Thömmes comments: "Precisely in the IT business we need efficient deviation management. We and our customers want to be able to prove to the supervisory authorities, at any time, that our standard operating procedures are complied with and practised in the day-to-day business. This in particular applies to the collection, security and transfer of data, as well as the presentation of the temperature curves." ■

ALL-ROUND SOLUTION FOR SWITZERLAND: E-COMMERCE WITHOUT BORDERS

Switzerland still constitutes a serious obstacle for the booming international e-commerce. Mail order companies in Germany are facing the export procedure over here, and the import customs clearance in Switzerland. There are also dues for VAT, customs duties, monopoly tax, etc. All that means substantial administrative effort and financial risks. In addition, there is the reversal of the transaction in the case of returns. In order to overcome this obstacle, trans-o-flex has developed the all-round solution, Swiss-easy, together with its long-time Swiss partner Bonafide. It does not come into the picture here whether we are talking about B2B or B2C consignments. And a solution for handling the returns is integrated as well.



With Swiss-easy, the express delivery service trans-o-flex in Germany not only, as usual, accepts the consignments, but also undertakes to entirely fulfil all the customs formalities: export procedure, import procedure, refund of customs duties, duty-free re-import. This involves trans-o-flex customers making use of the amenities of fiscal representation in Switzerland and benefit from the less expensive collective customs clearance instead of paying the price of individual customs clearance. The Swiss trans-o-flex partner prepares the data for the respective customs procedure in such a way that the customs clearance is handled in an automated manner. The only prerequisite for the latter is that, in parallel to handing over the consignment, trans-o-flex is provided with an interface file containing the customs clearance data.

In the event of a return, our partner's ERP system then already has all the data to hand for the re-export of the goods and the refund of customs duties. The items returned by the recipients

are registered and gathered at the Swiss receipt hub. Depending upon the quantity returned and what the customer requires, the consignments are, for example, prepared for the return shipment to Germany on either a daily or weekly basis, the customs data for the export clearance is transmitted to the Swiss customs office of exit electronically, and the refund of customs duties automatically applied for and initiated. The re-import procedure does not result in any customs duties or VAT being incurred due to the ATLAS procedure used vis-à-vis the German customs authorities. "We have a solution here which, on the one hand, makes it as easy as possible for Swiss customers to order from Germany, and, on the other hand, keeps the effort and costs low for German consignors", says Jens Reibold, Head of International Distribution at trans-o-flex.

Overview of the benefits:

- Ordering from Germany is as easy for Swiss customers as ordering in their own country: They receive an invoice with Swiss VAT shown (8%), no separate invoice for customs duties, returns to a Swiss address.
- The German consignor is entitled, in Switzerland, to deduct input tax, and can claim Swiss VAT from the Swiss Federal Tax Administration.
- Cost savings (collective instead of individual customs clearance).
- All clearance procedures managed from one single point.
- Automated clearance reduces sources of error.
- Any customs duties paid upon the goods being imported into Switzerland are reimbursed upon export.
- Duty-free and tax-free re-import of returns into Germany.
- Returns are processed based on the system data: German consignors do not need to provide any further documents. ■

THIRD PHARMA CUSTOMER PANEL MEETING: THE SPOTLIGHT SHONE ON THE RECIPIENT

At the third trans-o-flex customer panel meeting for the pharmaceutical industry, which took place in Mannheim in the summer, representatives from eight mail order pharmacists took part. trans-o-flex had launched the customer panel at the end of 2015, to enable ongoing direct exchange with customers. Since then, customers and trans-o-flex specialists from the Management, Strategy & Marketing, Distribution and System Development Divisions have been meeting at regular intervals to discuss current topics and future requirements for optimum pharmaceutical logistics.

The focus of the third meeting was placed on the messages and requirements formulated by customers at the panel meeting the previous year: How has trans-o-flex implemented the latter? And how will the trans-o-flex networks be enhanced? This involved, for example, that the introduction of the recipients' app was discussed, as well as GDP + monitoring or deviation management. The question was discussed, in the context of a workshop, what consequences are to be drawn from the development that recipients are having an increasing influence upon the logistics supply chain. What does that mean in regard to delivery? What variants are desirable? What types of additional recipient bundling are possible and desired?

Further topics included the internationalisation of pharmaceutical distribution, which is only taking place gradually in comparison to other industries, the GDP regulation, and also classic topics such as quality and security. ■



Customers and trans-o-flex specialists in dialogue: intensive exchange concerning quality, new developments and requirements.



TRANS-O-FLEX DRIVERS TEST NEW WORKWEAR

More functional elements, more security, more style. All that constitutes the goals pursued by trans-o-flex with its range of new workwear. As from October, drivers will test the new collection for its suitability for everyday use in an extensive test undertaken at a number of different locations. "The drivers' assessment will decide what can remain, what is lacking, or what has to be changed", says Tatjana Schröder, who leads the project. "In the second calendar quarter of 2018, the clothing should be ready for productive use throughout the country."

The reason for the new edition was the adapted corporate design, including the additional colours of blue, yellow and white, which will now likewise be reflected in the collection. Besides that, light will also be reflected in the professional gear: This will involve reflective appliqués meant to increase the drivers' recognisability at night. And the mix of materials makes use of elements of fashion, such as jeans fabric, as well as watertight and breathable functional materials. ■

RECIPIENTS ARE GIVEN AN INCREASING NUMBER OF OPTIONS

trans-o-flex's "insight" app, which enables recipients to get detailed information on shipments and optimise goods receipt, will be continuously extended with new functions. From the beginning of 2018 at the latest, recipients can also use the app to enter opening hours and periods of vacation, which trans-o-flex automatically takes into account when making deliveries. Other applications to be added in the future include shipment orders (e.g. deliveries to a different address), the possibility to send parcels, in-app payments (e.g. for COD deliveries), using the app also on a PC and contacting the trans-o-flex customer service.

Already today, the app informs the recipients about the scheduled time for a specific delivery (with a 1-hour time window), how many consignments they will receive from which consignors, whether hazardous materials, Ambient or COD shipments are included or how much the COD amount is. By scanning the QR code of their parcels, recipients can also see the temperature curve of their Ambient shipments. ■



LARGE, ORANGE, AND NOT TO BE OVERLOOKED!

trans-o-flex has called! Actually, nobody wants to find such a card in his or her letterbox. Because, if it is in there, that means that the courier and recipient have missed one another with a consignment. Nevertheless, the notification card is an essential item. It has therefore now been designed to be more conspicuous. Up to now, it was white, and the size of a postcard. Now it is orange and much larger, so that it will not be overlooked among other items of mail. And it presents its message precisely: what the recipient missed, when he or she may look forward to a second attempt at delivery, or where he or she can collect the consignment if it has been left at another address, or could not be delivered, even at the second attempt. In order to facilitate making contact quickly, the contact details of the respective trans-o-flex location handling the consignment are individually imprinted. ■



“CAPA WILL MAKE US BETTER AND MORE TRANSPARENT – FOR ALL CLIENTS!”

How quality is driven by IT at trans-o-flex: The Head of Systems Development, Stefan Thömmes, highlights the reasons for the improvements over the past twelve months and provides an insight into what else is in store for customers of trans-o-flex.

Stefan Thömmes is driven by enthusiasm. And it has to be like that, says the Head of Systems Development at trans-o-flex. “Because logistics is accorded entirely new possibilities by digitalisation I am driven by IT.” He takes pride in that. “It is only because we, at trans-o-flex, have merged operational development and IT development to become systems development, that we have been able to achieve the boost in quality that we have now attained. And there are even more good things to come for customers.” However, before the 50-year-old gets around to talking about his development projects, he proves, with a handful of figures, the advancement in quality made by the company, and reports on his favourite project, CAPA. “This will make us better yet for our entire clientele to benefit, in addition to becoming more transparent – regardless of whether they come from the pharmaceutical industry or a different trans-o-flex core industry.”

Since trans-o-flex started the GDP+ digitalisation campaign, with its various different processes (meanwhile 27 of them), and placed the focus on the quality of all processes, the key indicators most important to customers have significantly improved. From January

2016 to June 2017, the number of temperature curves that is automatically displayed in its entirety has risen by 11 per centage points, and the number of temperature deviations has receded by 10 per centage points. “Around 99 per cent of all temperature curves are automatically visualised in full these days. In the case of one to two per cent of the temperature-controlled consignments there are deviations, about which we communicate with customers.” The overall quota of all consignments delivered on the next working day has improved by a good six per centage points in the same period of time.

All projects with which these improvements have been achieved concern process improvements which are documented electronically and are sometimes even carried out automatically. “We are talking about IT-driven quality management”, says Mr Thömmes. As examples, he names the workflow for activating customers or for putting air-conditioned vehicles into operation, re-designed employee training courses, the GDP scorecard (a program that visualises performance with the aid of indicators, and offers options for internal benchmarking, control and intervention), test algorithms for temperature-controlled vehicles or the GDP+ monitor.

The GDP+ monitor is a program that aims at systematic avoidance of faults with temperature-controlled deliveries of consignments. The entire temperature-control process has been analysed for that, and sub-divided into nine sub-fields along the process chain. Faults or deviations are allocated to one of these nine groups and the respective sphere of responsibility. Via the GDP+ monitoring program, faults can be filtered in accordance with various criteria, and visualised in the form of a table or a graph. This visualisation can be narrowed down to the individual package found within a certain process section. Individual locations can be directly compared in regard to the faults that have occurred.

The GDP+ monitor was the pilot project for establishing systematic deviation management throughout the company. "Our work here is based on CAPA processes, i.e. continuous improvement processes." CAPA stands for Corrective and Preventive Action. As with the GDP+ monitor, it involves recognising deviations from pre-defined standards, correcting them and preventing future deviations. In the pharmaceutical industry, CAPA is well-established as part of the quality management and Good Manufacturing Practices (GMP). "But this deviation management is of interest to all customers of trans-o-flex, for it concerns, for example, constant transparency." Mr Thömmes gives us an example: "These days recipients want to be given pre-emptive information in any case. They want the announcement that a consignment has been despatched, and, if the delivery of a consignment is postponed, they naturally also want to know that. That is precisely what deviation management helps us achieve."

CAPA is being introduced at trans-o-flex in two stages. By July, manual CAPAs were introduced. Special forms have been developed by the quality management for that purpose, which are filled in manually and passed on to the corresponding defined offices. Depending upon the relevance, a deviation is prioritised at one of three levels: minor, important, critical. The higher the level, the shorter the response time required. As the next step in development, the manual CAPA processes are intended to be largely automated by the end of the year. Any deviation is given a unique number and a deviation code. That means that it can automatically be recognised how frequently what deviations occur. Should the deviation occur on a particular trailer, the other consignments on that trailer may automatically be checked in regard to the deviations, and, if necessary, reported. Errors that occur more frequently are automatically given greater priority. Whether a CAPA process is initiated or not is a matter to be decided by the Customer Service employees in accordance with the applicable criteria.

As a further stage of development, Mr Thömmes considers ongoing actual/target comparisons an option for the future, in which the IT itself ascertains deviations. In a second step, information on the latter is generated, and passed on to the respective party responsible.

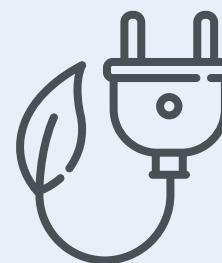
Key trends – and what they mean to trans-o-flex logistics

URBANISATION



Over half the world's population lives in towns and cities these days – and more people are moving into towns and cities on a daily basis. This megatrend has ever so many consequences, also for logistics: on the one hand, more traffic jams, more access restrictions, more green logistics, on the other hand more smaller deliveries – also in the field of homecare. Instead of delivering their monthly requirement to chronically sick patients all at once (whether it is special nutrition, diapers or life-support equipment), in future it might just be the requirement for a single day that is delivered.

GREEN LOGISTICS



The main topic here is the carbon footprint that every single consignment and trans-o-flex as an entire organisation emits. It has been continually reduced in the past few years, among other things through the changeover to renewable power, new air-conditioning technology and lower consumption vehicles. trans-o-flex is evolving in this field in the classic three stages: measuring, documenting and, last but not least, minimising or compensating. Already at this point, the CO₂ emissions can be reported per customer, and are 100% compensated via environmental projects. This is both more efficient and also cheaper than, for example, the changeover to e-vehicles, which is a hot topic at the moment, both domestically and internationally. Nonetheless, trans-o-flex is keeping an eye on e-mobility trends, and believes in its long-term success. There is a catch though: These days there are still no e-vehicles that come with active temperature regulation – not even in the process of being tested! That is likely to still remain the same for at least five years. The e-vehicles then obtainable may well be more expensive than the present-day diesel engines. And they will create a need for other distribution concepts, for example involving micro-depots.

Key trends – and what they mean to trans-o-flex logistics

ONLINE TRADING AND FOCUS ON THE END CUSTOMER



Fuelled by the online trading boom, ordinary parcel services are experiencing an erosion in the quantities of parcels sent to business addresses, and they all have trouble integrating private recipients into their distribution structures.

That does not apply to trans-o-flex, or only partially. Take the example of online pharmacies. They force the consolidation trend on the pharmacy scene. As a result, the number of pharmacies receiving deliveries is in decline for trans-o-flex, however not automatically the quantity that is delivered to a pharmacy per stop. At the same time, trans-o-flex is developing new services for recipients – and in fact for both private and commercial recipients. The latest example is the recipient app, which can do noticeably more than other products of its kind on the market (see page 7). Essentially, with the trend being to deliver to end customers, trans-o-flex has this to say for itself: We are, in this case, sticking to what we do best, and concentrating on solutions for our core industries. That includes, for instance, the solutions for nursing home patients that already exist, for which there are, however, by all means, plans to extend the service. One option, for example, would be to combine them with – and to extend – evening deliveries. After a driver has delivered consignments, collected others and brought them to the depot, a second driver starts off from there in the late afternoon, using the same vehicle. The focus could, among other things, be placed on Direct-to-Patient shipments, but also on other high-value consignments that recipients would like to have delivered within these time windows.

"We are, however, talking about big data applications here, which have up to now not yet been commercially viable when put to use in logistics. That is why this is not in the pipeline yet at trans-o-flex."

Much more specific, for the systems developer, are numerous new products and services that are awaiting commercial deployment at trans-o-flex, which all have one thing in common. "These services will all be driven by the IT." By that he means services such as IDENT, a product which will ensure that especially critical goods are only delivered to particular individuals or to a quite specific location, and which is currently being developed in collaboration with test customers (see page 13). "The IT integration will, however, also be decisive for other new developments of products and services", suggests Mr Thömmes, conclusively giving four examples.

1. "We are working on accepting individual pallet sizes, which, depending on the space requirement of the goods, take up, for example, half a classic pallet bay, or two, or even four." It was a prerequisite that the data set pertaining to the consignment contains information on how much space is really needed. "Television sets are becoming larger and flatter all the time. The spatial information regarding the consignment enable us to plan their transport in an ideal way, provide the right loading aids, and protect the goods in an optimised manner. The IT adjustments needed have already been made.

2. Just as, at the present time, recipients can obtain information about the scheduled delivery time of a delivery via the "insight" app, in future information about the scheduled delivery time should also be available via the app to consignors. "This helps us increase the capacity to provide recipients who do not yet use the app with information, for example!" trans-o-flex aims at specifying a one-hour time window.

3. The temperature monitoring of Ambient Direct would, if necessary, also be in a position to manage individual temperature windows for individual consignments. "If the stability data of a product permits, a tolerance of 10 to 40 degrees, for instance, this data can be stored in the consignment record. Whereas, for ambient consignments, there is usually a predefined corridor of 15 to 25 degrees Celsius, and defined deviations automatically lead to the delivery being stopped, the customers would only be contacted, in the case of consignments with individual temperature specifications, if there are any deviations from such special requirements.

4. Mr Thömmes could imagine a potential high security product, "trans-o-flex safe": A consignment will not only be located exactly at any point in time, but the consignment will actively report if no further processing is effected over a certain period of time. "The transport naturally still takes place physically. But the actual service only arises due to a special IT solution. That is where we want to go." ■

“TRANS-O-FLEX IS DOING EVER SO WELL!”

The relaxed attitude is apparent from every line of the interview that Peter Amberger and Christoph Schoeller have given to the customer magazine. Both owners are “more than satisfied” with how trans-o-flex is doing, especially with the “rapid increase in performance”, the newly achieved focus on the core competences of the company and the assistance provided by the customers, who have also been supportive during the restructuring. The two representatives of the family businesses who have taken over trans-o-flex in the past year also say, however, in the interview, how trans-o-flex should, from their perspective, continue to be enhanced, and how they wish to support the company with their own expertise from their other shareholdings.



Christoph Schoeller

How pleased are you with the development of trans-o-flex?

Schoeller: trans-o-flex is doing ever so well! We are more than satisfied with its development to date. The entire team has efficiently focused trans-o-flex on its core competence again in record time, with the result that we are in the black again in 2017.

Amberger: We have achieved important milestones. Not least, trans-o-flex now has a powerful management, that has gained the confidence of the customers, the employees, the Works Council and the owners alike.

What has been your personal highlight at trans-o-flex in the past few months?

Amberger: There have been a number of those actually! The rapid increase in performance and the re-orientation of trans-o-flex. This involves the digitalisation effort GDP+ setting important trends for the

future. That has created energy. You notice how much the employees are dedicated to the common trans-o-flex cause, since they have been given the opportunity to actively be a part of turning the vision into reality. For GDP+ affects every area.

Finally, the highlights of trans-o-flex include supporting customers for which trans-o-flex is an essential and indispensable part of their logistics supply chain on an ongoing basis.

What would you like to see encouraged at trans-o-flex?

Schoeller: The feeling of unity, as it is lived and promoted in family-run companies. Everyone at trans-o-flex should identify with the company again, and look forward to a prosperous future, together with the management and the owners. They should once again be able to take pride in being part of the trans-o-flex family. More strongly orientated towards customers, we support the management, especially in continuing to push ahead with digitalisation. trans-o-flex should excel for the benefit of customers, with innovative services and ongoing improvements in quality.

Where do you see trans-o-flex five years from now?

Amberger: I can see an economically sound, innovative and flexible company, which has achieved clear quality leadership among providers of transport for high quality and

sensitive goods, especially for the pharmaceutical industry and consumer electronics.

What synergies do you see between trans-o-flex and other companies from your investment portfolio?

Schoeller: Both families of entrepreneurs can contribute an enormous amount of knowledge here, and thus generate synergies. The Amberger family can do that, coming from the fields of logistics and fulfilment, and the Schoeller family can as well, especially knowledge from the field of waste-free reusable packaging and the associated logistics. An example would be that the shipping carton could be changed over from the single-usage carton to one made of reusable plastic. Besides the benefit to the environment, that would also have substantial benefits for customers, recipients and trans-o-flex itself. ■



Peter Amberger

MORE LIGHTWEIGHT, SAFER, CLEANER: THERMOMED RENEWS ITS FLEET

With 165 new Mercedes-Benz and VW models, trans-o-flex ThermoMed is exchanging almost half of its entire fleet this year, as scheduled. "With this investment, we are increasing the reliability of our network, we are benefiting from technical improvements, and we can, nonetheless, deploy tried and tested, validated cooling technology", says Stefan Gerber, Managing Director of the trans-o-flex subsidiary specialised in keeping the ambient temperature between 2 and 8 degrees Celsius.

The ThermoMed fleet consists of 350 vehicles altogether, which are up to twelve tons total weight, as well as 44 long-distance 40-ton lorries. The new 46 VW transporter T6, 46 Mercedes-Benz Vito and 73 Mercedes-Sprinter with box truck design come with a pharmaceutical transport certification ex works. The engines fulfil the Euro-6 standard. As a result, not only the diesel consumption and the CO₂ emission is reduced in comparison to the vehicles

previously deployed, but also the nitrogen oxides that are a hot topic at the moment. The NOx emission is reduced by over half, from 0.18 to 0.08 grams per kilometre driven. It also contributes towards a better environmental balance that the new box truck design of the sprinter has been made somewhat narrower. Because it is only as wide as the driver's cab, the aerodynamics have improved substantially.

The new models have gained in regard to vehicle load capacity, because they are single-temperature vehicles with only one load compartment and a vaporiser. The vehicles replaced are dual-chamber vehicles. "That provides us with maintenance benefits as well", adds Mr Gerber.

For greater security with the box truck design, a rear-view camera has been installed. Navigation systems that are now permanently installed point the way to the next destination on the relatively long ThermoMed tours. In addition, even the smaller transporters now come with air conditioning. "For the drivers, that means significant relief, especially in summer. The air conditioning helps them be refreshed and rested", according to Mr Gerber. "Our drivers gave us feedback right after the first few tours on the hot summer days. That was a major advancement!" ThermoMed in this way also makes a contribution towards increasing traffic safety.

The next two waves of replacement are already in the pipeline, states Mr Gerber. Up to now, another 70 vehicles are scheduled for replacement in the next year, and around 120 more in 2019. ■



• VERY MUCH IN DEMAND, EXPENSIVE OR VITAL:

WHEN PERSONAL DELIVERY IS A MUST

One customer comes from the consumer electronics industry, another from the pharmaceutical industry. Both approached trans-o-flex with the same enquiry, independently of one another: How can we guarantee that a sensitive and/or valuable consignment is exclusively handed over to a particular recipient personally, or is delivered to a particular room in a building? This enquiry became the take-off thrust at trans-o-flex for the IDENT pilot project. This involved various different solutions being discussed in close consultation with customers, and ultimately three variants being developed, which have currently been placed in the key operational control system of trans-o-flex, TOKS.

Each of the variants contains a particular security element, which serves as a personal identification number (PIN). The recipient needs to use that as proof of identity for an IDENT consignment. When a trans-o-flex driver delivers an IDENT consignment, it is then indicated to him or her that a PIN is necessary for the delivery. Only once the PIN has been entered may he or she obtain an acceptance confirmation regarding the consignment from the recipient. Without the PIN, he or she needs to cancel the delivery. The consignor would then be informed automatically, and the consignment would go into trans-o-flex' locked warehouse.

In Variant 1, the PIN of the IDENT service is a four-digit code. This involves the consignor informing the recipient in advance that he or she will be receiving a consignment that involves him or her proving his or her identity by means of a four-digit number combination that he or she will likewise receive from the consignor. At once, trans-o-flex receives the PIN in the course of the consignment data being transmitted. It is a "single-use PIN", which only entitles the recipient to receive this particular consignment.

In Variant 2, the PIN is a QR code. This variation in particular serves to ensure that consignments are delivered to a particular room in a building. For that purpose, the recipient is sent the barcode once,

which he or she then prints out and can use to receive any IDENT consignments addressed to him or her. It is advisable, for example, that the print-out is stuck to the inside of a lockable cupboard in the room concerned. Personal details are not checked. It is specifically planned that this variant would be implemented already this year in shipping of individual patient medications.

In Variant 3, the PIN is a QR code, which is made available to the recipient via the trans-o-flex "insight" app. By logging onto the app, where the login is password-protected, the recipient is not only personally identified, but also authenticated. He or she receives information about the IDENT consignment that is on the way to him or her in the app. He or she moreover receives the QR code that needs to be shown in order to accept the consignment via the app, so that the driver can scan in the code.

An overview of five benefits provided by trans-o-flex IDENT:

- Customised, sensitive and/or valuable consignments can be handed over securely and verifiably in a particular room or to a particular recipient.
- Full documentation and information in real time.
- In the event of non-authentication, the goods are retained in a safe place. Should the recipient not be able to identify himself or herself by means of the PIN/QR code, the goods are not handed over. The consignor is informed and the goods are stored safely in the retention zone at trans-o-flex until the consignor causes them to be delivered elsewhere, for example, back to the consignor.
- This set-up exceeds all official requirements, for instance when delivering anaesthetics, or the quality assurance requirements of pharmaceutical companies.
- The driver requests the PIN (personal identification of the party entitled to receive the consignment) directly prior to handing over the consignment. Handing the consignment over without a PIN is impossible. ■



24-HOUR DELIVERY AND A HIGH DEGREE OF SECURITY:

Why Sony Music has been relying on trans-o-flex for over 30 years

No-one can beat Sony Music Entertainment (SME) in the music business. Sony's market share in the overall German music business amounts to around 25 per cent. The market share fluctuates, depending upon which artists have just released a new album, reports Hermann Maier in conversation with this magazine. As the Distribution Director of Sony Music, Maier is responsible for the right quantity of CDs, DVDs or Blu-ray discs reaching stores and mail order businesses in Germany, Austria and Switzerland in good time, in mint condition. He relates, in the interview, why he relies on trans-o-flex to accomplish this and how the co-operation developed, and also gives a few tips about how sound carriers can be used for as long as possible.

Mr Maier, Sony Music is a group that is operating across the globe, but nonetheless relies on quite different logistics partners in individual countries. Why is that?
There are no service providers who do equally well, to the same extent, all over the world. And we have had very good experience with country and industry specialists. Sony Music works with trans-o-flex above all in Germany, and, further-

more, we have consignments delivered to the central warehouse of one of our major customers in Poland and the Czech Republic by trans-o-flex. We regularly check in which countries, or with which EURODIS partners, a co-operation would be expedient beyond that.

Can you describe a typical distribution order placed with trans-o-flex by Sony Music?

Our customers' orders from Germany, Austria and Switzerland are received by us here in Munich, are processed by our staff, and are passed on to our central distribution centre in Atton, France. The orders are picked and packaged there, and prepared for collection. trans-o-flex collects the goods for Germany, and, depending upon the situation, we use one of three different logistics solutions. The standard

procedure is that the goods are fed into the trans-o-flex network via the Weinheim location, and delivered to recipients across the country.

In the cases where our customers purchase large quantities from us, we place the order with trans-o-flex for direct deliveries. That is the case, for example, if there is a new release, any special sales campaigns or any other campaigns.

A third solution exists for deliveries in the 4 and 5 postcode regions. The goods go directly from Atton to the trans-o-flex logistics service in Frechen. From there, we deliver to customers who have booked a special service with us, more rapidly and within certain time windows.

What do you appreciate about the collaboration with trans-o-flex?

That is multiple things at once! It is especially the long-standing collaboration. trans-o-flex has already been our transport partner for over 30 years. There are benefits for both parties resulting from that. We have a good partner, who knows our processes and works in a reliable way.

It also includes the security of the goods. What is important for us, in that regard, is, firstly, that the goods are not damaged in the shipping packages, i.e. that they are delivered to our customers in one piece. For an increasing number of products is no longer delivered to shops and mail order businesses in plastic packaging, but in paper packaging. The background here is especially the environmental benefit of paper, in comparison to plastic. Secondly, our goods have a high value, and protecting them from unauthorised access therefore plays a major role.

Not least, trans-o-flex speaks our language, and knows the trends in our industry. trans-o-flex knows exactly what we expect, when and how. Above all, when something for once does not quite go so smoothly, the processes in place provide a reward. I know who I can speak to at

trans-o-flex, and who is responsible for what. That means that we can intervene quickly if there are any problems, and take specific countermeasures.

Also personally, I appreciate the co-operation with my contacts at trans-o-flex very much, and would like to, at this point, express my heartfelt thanks that the co-operation works smoothly most of the time and that we can always find constructive solutions to challenges in collaboration with one another.

Are there areas where you see a need for optimisation?

There is, of course, always something that can be optimised! The general requirements of our trading partners are constantly increasing or changing, and the requirements posed of the transport are increasing accordingly. That does not always have to mean higher costs. Processes can often be optimised. Of particular import these days is the passing on of information.

In addition, our customers expect from us, and thus naturally also from trans-o-flex, that the goods are delivered within 24 hours. That is the standard that trans-o-flex ultimately has to live up to. And, in regard to quality, it is necessary to put in renewed effort every day. It is not sufficient if sometimes, on one day, 100 per cent of the goods have been delivered.

In particular when a new release starts to be sold, punctual delivery is very im-

portant for the specialist retailer. Any error here has enormous consequences, for nothing is worse for our customers than when a new recording is announced in a major way, the goods are not on the shelves, and the disappointed end users have to go elsewhere to purchase them, or in the end, they even decide to refrain from purchasing the new release altogether.

Logistics specialists use music CDs or film DVDs as well, and would perhaps ask themselves: How long will I be able to play back the silver discs with no major faults?

A read-only CD can be played back with no major faults for up to 80 years. A prerequisite is that the CDs have been stored correctly. What is important, above all, is to protect them from direct sunlight, heat and dampness.

What mistakes may not be made when handling CDs or DVDs?

There used to be the recommendation that the sound carriers should only be touched at the edge. That originates from the time when CDs were introduced (1983), and has meanwhile become outdated. For the present-day playback devices have been enhanced a lot, and can impeccably correct most faults when playing back the music or films. CDs are besides, in that respect, by far not as sensitive as DVDs or Blu-rays. The latter should, in no circumstances, be warped, because they are coated with a special alloy, which may get damaged. That may cause problems when playing them back. ■



HERMANN MAIER...

is Senior Director, Distribution/Operations, GSA Commercial Division at Sony Music Entertainment, Germany. Twenty-five employees report to him. He is responsible for the Product Development, Manufacturing, Scheduling, Storage, Distribution and Transport Divisions, as well as for the digital supply chain. The company deploys over 4,000 employees worldwide, of which approx. 450 are employed in the German-speaking countries.

THIS IS HOW LOGISTICS CAN ASSIST PHARMACIES



DR. GÜNTHER HANKE...

has been President of the Baden-Württemberg Association of Pharmacists since 2002. Recently, in autumn 2016 he was re-elected for a further period of office until 2021. He studied Pharmacy in Tübingen, and, for his doctorate, completed a thesis on Product Hygiene in Pharmaceutical Businesses. After occupying a number of positions in the pharmaceutical industry, he was, for over 30 years, the proprietor of the Einhorn Apotheke (Unicorn Pharmacy) in Heilbronn. In 1985 he founded Alpha-Pharma-Service GmbH. Among other things, the company advises other pharmaceutical companies regarding the creation of its files on quality, offers expert opinions for the field of pharmacy, checks medications if mandated to do so, and provides support with licensing procedures, in particular in the field of stability testing in various different climatic regions. In addition, Mr Hanke has been a publicly sworn expert for analysis and delimitation of medicinal substances and foodstuffs since 1985.

Online trading with medicines not only jeopardises the local pharmacies, but also affects acutely sick patients themselves. Dr. Günther Hanke, President of the Baden-Württemberg Association of Pharmacists indicates, in the interview with this magazine, that he is convinced about that. However, the pharmacists themselves and the logistics services can, in his opinion, still do a lot to improve the situation.

Dr. Hanke obtains the impression from a diverse range of sources that the classic pharmacies are being subjected to increasing pressure, and more and more of them are closing down. Can the local pharmacies themselves change this situation in any way?

I could imagine that pharmacies would be taking on more responsibility and new tasks. For example, pharmacies should be permitted to carry out inoculations, like in Switzerland, repeat prescriptions should be introduced, and pharmacists should monitor the course of treatments. All that could increase the attraction of local pharmacies for patients again, but also increase their profitability.

Can logistics help to take the burden off the pharmacies?

Factual information about the transport conditions may be very useful, for instance if the pharmacist needs to question the quality of a product due to the influences of temperature. The problem is in fact that it is usually not possible to see from the outside whether the effectiveness of a medication is limited or not. The pharmacist would, for that purpose, have to open the package of the medication to test it, for example by squeezing something out

of the tube if it is an ointment, or press a tablet out of an opaque blister pack. That would be disproportionate. If no external damage to a delivery can be discerned, the pharmacist can and has to trust that the goods are in order. However, temperature data obtained during the journey, especially in the case of the consignment delivered containing temperature-sensitive medications, could then provide the pharmacist with additional assurance.

Pharmacists now have this option via the trans-o-flex recipient app. If the pharmacist scans the QR code of the consignment with his or her smartphone, he or she will, however, not only receive a report on the temperature maintenance activity while the consignment is in transit, but also, already prior to delivery, be informed about what is going to arrive, from which consignor. Do you consider that expedient?

Everything that takes the burden off the pharmacist and helps him or her to organise the business better and with higher standards of safety, to create more time for advising patients, is expedient. The pharmacist being informed about the temperature trend is a very good thing.



In the specialist discussion in pharmaceutical logistics, the EU GDP have for a long time played a key role. What significance do these EU requirements have for pharmacists, what do pharmacists know about the directive and its implementation?

If you ask pharmacists at public pharmacies, you will not receive a clear answer to the question about the EU GDP from most of them. The fewest know anything about it. This is, however, because they do not need to know. What is of critical import for pharmacists is the German Pharmacy Act (ApoG) and the Pharmacy Practice Regulations (ApBetrO). Elements of the EU GDP on storage and correctly providing medications are also included in the latter. The EU GDP itself does not, however, play a major role for pharmacists. A critical examination of the topic of transport could certainly help pharmacists fulfil their quality claim, also in regard to personal deliveries to patients.

How do you assess the security of the deliveries to pharmacies? Is there enough done in the logistics supply chain to maintain the effect of the medication?

In this area, you need to decide between types of delivery. In the case of the majority of deliveries made daily by wholesalers we still have the situation that sometimes in

summer a temperature of 60°C Celsius can prevail in the load compartment of a delivery vehicle, and that this may, in the case of individual medications, lead to damage. That is not the case when deliveries are made directly to pharmacies using vehicles and possibly delivery containers with active temperature control.

What is the biggest threat today for local pharmacies in Germany?

The economic viability of pharmacies has come under pressure by a whole range of factors. Keywords here include a declining trade margin or excessive formalities, for example due to discount contracts of the health insurance companies and the obligation to provide imported medications in a specified scope. What is noticed the most by the public is the competition through medications being sent by mail order. I am convinced that this not only means sales and even more profit lost for the local pharmacies. For online trading is in fact focused on the especially lucrative medications. Well, it actually damages the patients themselves.

To what extent?

There is a risk, for example, of fake medicines being sold. If you can obtain pre-

scription-only medicines over the Internet for a fraction of the normal price, or even get them without a prescription – cf. Viagra –, then it is highly likely that they are fake products. However, even serious mail order companies cannot solve the following basic problem: The personal contact with the patient is frequently the key to successful treatment at a pharmacy. Fifty-three per cent of all patients go to the pharmacy without a prescription as a first port of call in our health system. Then the pharmacist needs to take a look at, e.g., the skin irritation for which the patient would like to be given an ointment. Or even more seriously: You can recognise diabetics by how they smell, and advise them accordingly. No video consultation can do that. Not least, however, with a further thinning out of the network of pharmacies – and gains in market shares of online pharmacies would undoubtedly lead to that – especially those patients who need the medicines the most, and the most urgently, would suffer: acutely sick people, who are in pain, for example, and visit a pharmacy at night or at the weekend. Anyone who has already been in the situation of having to drive 50 kilometres in such a situation knows what I am talking about. ■

WHAT TRANS-O-FLEX CAN LEARN FROM THE AUTOMOBILE INDUSTRY

By Wolfgang P. Albeck, CEO of trans-o-flex

The automobile industry has in recent times – especially in Germany – made some strategic errors, and is therefore set on the best course to put its reputation at risk. Nevertheless, other industries can continue to learn a lot from the automobile industry and its undisputed successes. This applies, for instance, to what is probably the greatest improvement in quality that the industry has achieved worldwide, through having introduced the no-error strategy. Even these days, that does not at all mean that all cars are delivered free of faults. The quota has, however, been dramatically increased since the introduction of the no-error strategy. At trans-o-flex we have decided to transfer this strategy to our company. We call it the 100 per cent project. And I am convinced that the sustainable success of trans-o-flex depends upon how we implement this project.

Initially the attempt to aim for 100 per cent quality at trans-o-flex was not without controversy. Critics suggested: Error-free logistics, that just does not exist; that is just an excessive demand. Where people work, mistakes are bound to occur. As the Romans said: To err is human. Errare humanum est. Yes, the Romans did say that. However, they wanted to express something else with that. They meant: People can make mistakes (in contrast to gods). They did not mean: People have to make mistakes.

The first and most important step in the 100 per cent project is therefore to generally change the attitude to errors. We should no longer see errors as something normal and inevitable. Errors may be made, but they may not be repeated! The idea of the 100 per cent quality project and a no-error strategy is to continually make less mistakes. Whether it is possible eventually, and permanently, to arrive at 100 per cent remains to be seen. The benchmark, however, always needs to be 100 per cent. Anyone who, on the other hand, does not even aim for this goal will never achieve it, but will automatically achieve less.

A further important step in the 100 per cent project is the following insight: Making mistakes and aiming for a no-error quota are not mutually exclusive. Admitting that you have made a mistake even belongs to a no-error strategy. For admitting that you have

made a mistake does not constitute an invitation to make as many mistakes as possible. It rather means not being afraid to make mistakes, to also sometimes dare to attempt something, take courageous decisions, even if they may subsequently transpire to be mistakes. Nobody may be punished for such mistakes.

The search for errors at all needs to be kept separate from the question: "Who is to blame?" Anyone who wishes to change the mentality in regard to making and admitting mistakes in business needs to stop searching for who is to blame. Otherwise a fear of making mistakes will be instilled. And that suffocates innovation and development. Project 100 per cent therefore also means: learn from mistakes and, in that way, avoid errors in future. Avoiding errors is always more cost-efficient, in the long run, than remedying faults. And it is a means of ongoing improvement. But how can you do this?

We need to set up consistent fault monitoring. That means that any errors that occur may not be swept under the carpet, but need



to be systematically examined, and then processes developed to permanently avoid making them. At trans-o-flex we have specifically and consciously implemented that in the project „Ambient Temperature Monitoring“.

Any mistakes or deviations from the pre-defined process for temperature-controlled deliveries of parcels which have occurred at the various locations are meanwhile being analysed centrally. We have sometimes been able, in this way, to reduce sources of error directly. Sometimes the route took us via the creation of additional training documentation. Thus, mistakes occurring could be raised as a topic more often in the training on temperature-controlled deliveries, the employees correspondingly made aware of the problem, and these errors also curbed or eliminated.

Errors can, however, not only be avoided by looking for the fault, finding it and eliminating it in oneself. Rather, a no-error strategy also needs to concern itself with co-operating with customers to aim for the 100 per cent mark. That can then, for example, mean that express consignments are handed over separately from standard consignments. Then they can be handled separately and especially quickly, and be delivered as agreed.

Not least, when introducing a no-error strategy the question needs to be asked: When is the strategy successful? When have executives and employees reached the 100 per cent goal? Really only at 100 per cent? But then: 100 per cent on one day? In a week, a month, a year?

Nothing is more demotivating than a goal that can never be reached. The art of management therefore consists in celebrating the preliminary stages on the way to the goal, without losing track of the major goal. If trans-o-flex, for example, delivered over 99



Wolfgang P. Albeck

per cent of all temperature-controlled deliveries of consignments on the next working day in the second calendar quarter of 2017, then this quota is not only better than the industry average, but also an absolutely genuine figure. For that error rate of less than 1% does in fact include all the “errors” that trans-o-flex does not even make itself, when consignors wrongly address parcels, when recipients have moved or refuse to accept the consignments. After achieving such a quota, therefore, the following message can be communicated to the employees: Keep up the good work! And we can celebrate that. However, we may, and will, not be satisfied with 99 per cent.

What are the implications if only one parcel out of 100 is not delivered on time? Is it a child and its grandma who are unhappy, because the Christmas parcel has not been delivered on time? Or is it a patient, who has not received his essential medication on time? The project is, and remains, 100 per cent. ■

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