GENCO Healthcare Logistics: Improving Patient Outcomes Through An Enhanced Supply Chain

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GENCO at a Glance

FOUNDED IN 1898

130 OPERATIONS

$2.5B PRODUCT LIQUIDATED ANNUALLY

300 CUSTOMERS

11,000 TEAMMATES

Technology
Consumer
Industrial
Retail
Healthcare
FedEx Acquisition of GENCO

- The transaction was completed on January 30, 2015

- GENCO is now a subsidiary of FedEx Corporation.

- While we are part of the FedEx family of companies, GENCO is a separate operating company of FedEx.

- GENCO CEO Art Smuck reports to FedEx Ground CEO Henry Maier.
  - GENCO Healthcare Logistics is led by Vice President Kevin McPherson

- Teams from GENCO and FedEx are engaged in ongoing work to integrate and working together to identify additional opportunities for commercial synergy and customer value.
Why Is GENCO A Good Fit for FedEx?

- Strong Retail and eCommerce Solutions
- Leadership in Reverse Logistics
- Complete range of Product Lifecycle Logistics® services
- Similar corporate cultures and shared values
- Customer and prospect synergies

“THE ACQUISITION OF GENCO WILL TRANSFORM OUR GLOBAL PORTFOLIO THROUGH THE ADDITION OF NEW BEST-IN-CLASS SUPPLY CHAIN MANAGEMENT SERVICES.”

FREDERICK W. SMITH
CHAIRMAN AND CEO
FEDEX CORPORATION
GENCO Healthcare Logistics Focus

Pharma/BioPharma

Diagnostics & Reagents

Rx Med Device

PRODUCT LIFECYCLE LOGISTICS®

Implantables
CRDM/Cardiovascular • Ortho • Spine • Breast
6 of the Top 10 Healthcare Companies…

70+ CUSTOMERS
3.5 MILLION SQUARE FEET
1,059 TEAMMATES
27,000 PHARMACIES
1 COLD CHAIN FACILITY
15 FACILITIES
2 MULTI-CLIENT 13 DEDICATED

…Are Focusing on Their Core Competencies
Healthcare Logistics Locations

GENCO Distribution Centers
FedEx Healthcare Shared Network

12/14/2015
GENCO 2015 Highlights – Bio-Pharma

- **Cold Chain Profile**
  - 75K sq. ft. 2-8C space for outbound distribution
  - 65M units of product handled
  - $9M in supply spend
    - Corrugate, Pack-out, Sensors

- **FLU Season 2015**
  - 37M doses of flu handled between 2 DCs
  - 54K cases of flu shipped
    - 246% increase YOY
  - Expecting another 100% increase in 2016
    - Direct Model

- **Cold Chain Samples to Sales Rep**
  - 600K units shipped
  - Rep mobile refrigerated unit distribution, tracking, and calibration
FedEx® Healthcare Shared Network
Key Capabilities

FedEx® Healthcare Shared Network:

Premium, day-definite, temperature-controlled delivery service to the pharmaceutical and diagnostic product industries. It incorporates a US network of six refrigerated cross-docks, 57 refrigerated trailers, and 30 refrigerated straight trucks with real-time monitoring by FedEx.

- Cross-dock temperatures proactively maintained and validated to meet 2-8°C temperature band
- Temperature-validated vehicles
- Real-time track and trace capabilities, with temperature logging and historical records available
- Proactive monitoring and notifications throughout the entire transportation cycle
HSN plays a critical role within our customers supply chain and offers significant value by:

- Eliminating the need for expensive cold chain packaging and refrigerant
- Significantly reducing labor costs – palletizing versus multiple small pack shipments sent to the same destination
- Reducing waste – high cost of disposal of Styrofoam shippers
- Improving efficiency through predictable delivery scheduled with appointment deliveries
- Effective cost controls using LTL cost per pound model
- Understanding the Pharma industry focus on quality and security
- Flexibly handling various size loads (86-10,000 lbs.)
- Providing value-add features including inside delivery, appointments, hazardous material capabilities, proactive delay notification, monthly metrics, and shipment temperature reporting (up to seven years)
Bio-Logistics: Future Challenges

- Omni Channel
- Regulatory and Quality Challenges – FDA, DQSA, UDI
- Mother Nature
- Time to Market – Commodity Vaccines (FLU), Product Launch Capabilities
- Changes in the Distributor Network
- Increasing Supply Costs
- Inventory Visibility – Supply Chain Intelligence “Control Tower”, Turn vs. Value
- Transportation – Security, Small Pack Service, TL Reefer Capacity