

Infrastructure, Workforce and Public Policy Create Powerhouse Logistics Epicenter

Because Indianapolis is the most centrally located major city in the country ..75 percent of all businesses in the United States are within a one and a half day truck drive, and more interstate highways intersect in Indianapolis than any other region ..the area has always been a major player in logistics.

The region is home to more than 1,500 logistics-focused companies employing more than 89,000 workers.

Modern logistics has evolved. International companies seeking greater efficiencies are outsourcing their logistics functions to specialists who provide flexible and sophisticated services.

“There are a lot of drivers as to why logistics is being looked at for outsourcing,” says Mark Sell, president and CEO of MD Logistics, Plainfield. “One issue is scale. If we specialize in providing a service it becomes our core competency. The customer’s core competency is to develop and sell a product, not to distribute that product.”

Nathan Sanders, regional vice president, OHL, one of the largest privately owned third-party logistics companies in the world, agrees. “Logistics is a cost, and everyone wants to lower their costs; but it requires an investment in infrastructure and people.”

“They come to us as experts. We’ve invested in the required systems and automation points. We can get it there



Indianapolis International Airport is just 16 miles from downtown and is home to the second largest FedEx hub in the nation.

faster and cheaper.”

Modern logistics companies help their clients run leaner. So instead of carrying inventory for six months they can carry it for six days. Customers need that. Carrying less inventory is an immediate cash savings for the company.”

MD Logistics, for example, specializes in cold-chain logistics for the life sciences industry. The company recently invested \$1 million to build and equip a 15,000 square-foot, cold storage facility, built to U.S. Food and Drug Administration and current Good Manufacturing Practices (cGMP) standards.

Sell notes that the pharmaceutical industry’s new drug discovery has

concentrated on temperature-sensitive biologic drugs, and demand is growing for companies that can meet the FDA’s stringent regulatory requirements for their distribution. “These are things that not everybody does,” Sell points out. “You have to have the wherewithal, the knowledge, the systems, the people and the processes in place to provide those services.”

Today it’s common for a logistics company to run a packaging company as well. “When you have a company’s inventory, all kinds of opportunities present themselves for you to inspect, do quality verification, maybe do a

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repackage,” Sell says. “The product is here, but a lot of times it isn’t configured correctly for the market. If we can offer those services they’re an added benefit to the customer and create an additional opportunity for us. If you can provide the service where the inventory is, it is generally the most cost-effective and time sensitive way to do it.”

MD Logistics, along with its sister companies MD Packaging and MD Express, provide contract warehousing, inventory management, fulfillment, distribution, packaging, transportation and global freight forwarding.

The global reach of central Indiana’s logistics players is based on the region’s strengths in three key areas — infrastructure, workforce and public policy — according to David Holt, vice president of operations and business development of Conexus Indiana, an initiative designed to capitalize on emerging opportunities in advanced manufacturing and logistics. Holt noted the value of the region’s infrastructure. In addition to its outstanding highway

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Nathan Sanders, OHL regional vice president

system, the Indianapolis region is also a leader in air freight, moving more than 5 billion tons of air freight every year. It is also home to the second largest FedEx hub in the world. Major universities in the area are turning out graduates with degrees specifically related to logistics. They include Indiana University, Purdue University and Ivy Tech.

Beyond education and the infrastructure lies another Indianapolis region logistics advantage: the Hoosier work ethic. You can’t measure it, but ask anybody who’s done business here. “What I like about the workforce here is people show up for work. They work hard. They pay attention,” says OHL’s Sanders. “We just don’t seem to have some of the challenges here that we have in other states. I really appreciate that strong

Midwest attitude.”

Public policy can be summed up in two words: business friendly. “Look at Conexus,” says Sanders. “We have a group that’s doing nothing but asking what can we do to make it easier for people to do business here. I’m in multiple states, and there’s no Conexus in those states. Here they ask, ‘What can we do to improve this state? What can we do to make this area more attractive?’ And then they put their money where their mouth is.”

He notes the Indiana Economic Development Corp.’s grants for job training and new job creation, as well as the tax abatements that counties, townships and municipalities provide to encourage businesses to set up here. “To me that’s what makes Indiana strong. It’s one of the easier states I do business in,” Sanders says. •

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