

FACE-TO-FACE WITH:



Michael Canon
President
Catalytic Logistics, LLC (USA)

Mr. Canon has worked in the private sector for a global logistics leader (DHL), and as a consultant to airports and their communities (Dubai, Moscow, Indianapolis) in the attraction of foreign direct investment (FDI) to clusters in the logistics, biomedical, aviation, and advanced manufacturing areas.

Mr. Canon has started operations and conducted turnarounds for DHL including 18 years as President of the Brazilian subsidiary. Mr. Canon has resolved many different political and logistic operational issues in Brazil, the United Arab Emirates, and Russia with his ability to organize the public and private sectors around common objectives and interests.

Possessing successful experience in difficult regulatory environments, Mr. Canon has reengineered and executed operational and strategic changes in conjunction with all stakeholders to align interests to deliver value. He has gained a deep understanding of stakeholder leadership at national, international and global levels. He has extensive experience in strategy development, board management, divisional and company general management, operations, supply chain management as a critical service provider, and new country entry plans.

He has been a frequent lecturer on such topics as diverse as the Aerotropolis concept, the development of multimodal logistics platforms, real estate investment, supply chains, and foreign direct investment.

Mr. Canon received a Bachelor's degree in English Literature, and a Doctor of Jurisprudence from the University of Tennessee and a Masters in Business Administration from the Thunderbird School of Global Management.

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Why do we need to consider biomedical and logistics in the aerotropolis development? What are the challenges?

Aerotropolis developments are ideal sites for time-sensitive industries that rely upon multimodal connectivity to optimize their operations. The biomedical industry is composed of medical devices and their consumables and pharmaceuticals that includes biologics that are highly sensitive to time in transport, care in transport and security in transport. Aerotropolis developments are not automatically ideal sites for the biomedical industry, but they surely can be.

Biomedical clusters have historically developed around top research universities where exceptional talent is available. Perhaps in the Zhengzhou Airport Economic Zone (ZAEZ), for example, the development of the biomedical cluster development can emerge from another strength: the logistics operational excellence present there. The infrastructure for multimodal connectivity is there already. The government organization for a biomedical cluster is there. The global logistics players are there including direct air cargo flights to the US and Europe. What is missing, perhaps, is the plan to coordinate all the stakeholders to guarantee fast and predictable clearance processes.

In China there are 21,000 hospitals that often depend upon imported medical devices and pharmaceuticals to serve their patients, especially the 1,000 that are considered tier 3 hospitals. If those products are not available optimal care cannot be delivered. The aerotropolis developments can offer unique advantages in the importation of these products if customs, the health authorities, and the authorities that regulate the registration of products work together to make the process fast, predictable and transparent.

The primary challenge to attract these industries is to demonstrate to them that the site offers a competitive advantage that will impact their bottom line and their service to their customers.

What are the upcoming trends you foresee in the biomedical and logistics sectors that relate to airport city development in the States?

In the United States there are major biomedical clusters already developed and many states that are just beginning to seize the opportunity. The logistics services that support these industries are sophisticated and highly competitive. However, there are still many challenges.

The express industry and the 3PLs service areas are beginning to merge and the supplier with the best service with the lowest total cost of delivery will prevail. The express companies have a competitive advantage in that they control the products from pick-up through delivery and have real time data on the status of the shipments. 3PLs, on the other hand, still must implement the technology to provide data visibility through all nodes of their value chain. The use of descriptive,

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predictive, and prescriptive analytics in the management of their processes and the integration of these with their customers and suppliers will occur.

There will be improvement in the management of products that require cool and cold chain carriage. Improvements in temperature, humidity, and vibration control are still needed for the most sensitive biologic products. There will be a rise in demand for real-time temperature and location status and this will drive demand for IT infrastructure that can analyze and deliver data where and when it's needed.

What is learned in the omni-channel trend in the retail sector will be implemented in the biomedical area as well. The concept that drives omni-channel of the consumer receiving the product anywhere at anytime could certainly be applied in the biomedical area.

What do you feel are the most likely scenarios or changes that the airport city or aerotropolis industry will face in the next 5-10 years?

Undoubtedly, the most important changes will occur in the area of planning. There are many aerotropolises that have planned and executed successfully and have learned what is required. Other aerotropolises will learn from them, especially through conferences like Airport Cities.

These aerotropolises have learned that there must be adequate planning for the development of air commerce, the improvement of air and ground connectivity, the management of stakeholders' alignment, the management of commercial real estate development, and attracting investors and investment. This planning must be a continuous process with the proper talent brought to the aerotropolis to ensure success.

What do you hope to see in the future series of UBM Airport City (ACE)?

Bring the executives from the successful aerotropolis to lead discussions on the planning elements listed above. I would also like to see logistics executives speak on their experiences, the private equity, real estate investment trusts, and sovereign wealth funds that have invested in aerotropolises share their thoughts and the government regulators that have learned that they must facilitate trade while protecting national interests speak about the changes they had to go through to be successful.

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