

Philips Medical moving distribution operations from Memphis to Louisville

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by [Einat Paz-Frankel](#)

Philips Medical Systems' distribution center will close its doors at **Southpark Distribution Center** by the end of the year. **United Parcel Service** will assume those responsibilities from its Louisville, Ky., hub.

The 105,000-square-foot warehouse in southeast Memphis is the Netherlands-based company's largest U.S. distribution center, from which medical equipment, such as MRI and CT machines, is shipped to locations and surgery rooms around the globe. It heavily uses **FedEx Corp.** for international shipping, with a daily average of 450 packages, shipping supervisor Adam Whiteside told Memphis Business Journal in January.

Philips Medical, a subsidiary of electronics giant Royal Philips Electronics, announced in late May it had chosen UPS to provide its logistics services. The elimination of the Memphis distribution center was not included in that announcement. According to industry sources, this move is expected to significantly cut Philips Medical's human resources costs. Philips Medical declined to comment on personnel questions.

Brad Murchison, marketing specialist for real estate services firm CB Richard Ellis Memphis, says CBRE has leased the property to Philips since 1992 and the company will stay until the end of the year.

A local Philips Medical employee says the warehouse currently employs 30 full-time and 30 temporary workers, all of whom will be laid off by year-end. Employees will have the opportunity to apply for a job with UPS, "but nothing is guaranteed," says the employee, who asked to not be identified.

FedEx's archrival, Atlanta-based UPS operates a 2.5 million-square-foot hub in Louisville. About 500,000 square feet is dedicated to health care, with another 800,000 square feet slated to open later this year.

Bill Boykin, regional program manager for Philips Medical, declined to disclose the size of the company's facility in Louisville. UPS spokesman Pat Steffen would only say the "network is still being implemented."

UPS will essentially handle Philips Medical's entire supply chain, including storage, inventory management, order fulfillment, shipping and transportation services, a joint release states.

Philips Medical Systems

Diagnostic imaging systems division of Royal Philips Electronics

Headquarters: The Netherlands

NYSE: PHG

Memphis distribution center: 4481 Pleasant Hill

Center size: 105,000 square feet