



4 Pillars Pharma Distributors Can Stand On

ebook

Current trends in healthcare will demand more from supply chain partners.

Despite a recent global economic downturn, the world pharmaceutical market is currently estimated to be valued at around \$300 billion and rising, according to the World Health Organization (WHO). In a recent post, the WHO states that more than a third of the market is controlled by 10 large drug companies located in the US (6) and Europe (4), and that, combined, the Americas, Europe and Japan will comprise 85% of the market into the foreseeable future. According to the post, pharma companies spend one-third of their revenues on marketing, estimated at about double what is spent on research and development.¹ To say competition in the pharmaceutical industry is fierce would be an understatement.

Further, SelectUSA, a website devoted to promoting business and investment in the United States, reports that there are more than 5,000 new medicines currently in development worldwide,

with nearly 70% being studied in the US.² Spurred by various tax benefits (i.e., Research & Experiment Credit, IRC 936 Puerto Rican Tax Credit, Orphan Drug Credit, etc.), along with US Food and Drug Administration reforms paving the way for faster drug approvals, new drugs are entering the US, and consequently the world, at a rapid rate.³

This includes generic drugs, replenishing product pipelines, as ongoing patent expirations open the door to what is expected to be unprecedented growth in generic sales over the next five years; one report pegs the market for generics to hit \$137 billion by 2017.⁴ The opening sets the stage for broad industry expansion into emerging markets, such as Brazil, Russia, India and China, where population growth and healthcare reforms are building momentum for growth in generic alternatives.



We have reduced stock levels by 25% and increased stock turnover from 12 up to 22 for specialty Pharma products – without influencing availability.

Niklaus Sägger
Procurement Manager, Galaxis



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Current trends in healthcare will demand more from supply chain partners.

On the darker side, counterfeit medicines are also flooding the market, as Internet sales become more popular and emerging economies open their doors to free trade.

These random mixtures of harmful, toxic substances are not only illegal, but extremely dangerous, and governments worldwide are scrambling to respond.

Recent track-and-trace requirements have emerged worldwide to counteract the flow. In Europe, the EFPIA, EAEPC, GIRP, EDQM

and PGEU are working toward a standardized identification solution, while in the US, the FDA and DEA are instituting drug monitoring systems meant to protect the population. In both cases, the new laws will place a burden on drug manufacturers, wholesalers, pharmacists and distributors in the years ahead.

Given this global backdrop, what can pharmaceutical distribution companies expect as they plan for business over the next five years? What trends will affect the supply chain and how should proactive distributors respond?



The right IT prescription for today's pharma supply chain.

This eBook will look at four key pillars necessary to ensure competitive relevance in the pharmaceutical industry over the next five years. These solutions are generally presented in response to current trends, but are also practical, affordable and available now. They are:

1. An Intuitive Enterprise Solution

Capable of managing the proliferation of healthcare products from a growing number of manufacturers typically stored in a pharma distribution center.

2. A Reliable Ordering Process

Integrated across multiple sales channels and powerful enough to handle the thousands of orders that hit pharma DCs every business day.

3. Specialized Warehouse Capabilities

Flexible enough to rapidly respond to changing global medical emergencies, recalls, disasters and shifting market dynamics.

4. End-to-End Track-and-Trace Technology

In compliance with emerging anti-counterfeiting legislation and integrated across the supply chain with the capacity to maintain specialized handling and on-time shipping requirements.

Pharma distributors who possess strengths in these four areas will be well-positioned to vie successfully for the expanding opportunities opening in today's growing, complex and extremely lucrative pharmaceutical marketplace.



An intuitive enterprise solution.

With 57,000 types of healthcare products from a variety of 1,100 different manufacturers stored in your average pharmaceutical distribution center, supply chain operators are faced with a dizzying challenge just meeting basic, everyday delivery requirements. Throw in cross-docking of sensitive goods, and the need to monitor lot expiry dates for efficient, timely delivery, and the room for error escalates fast. Add to that the complexity of managing the same flow of goods across multiple distribution centers, and you suddenly confront a pressing need for a more powerful, intuitive enterprise solution.

To survive in this environment, it takes intelligent, integrated enterprise and warehouse management technologies and processes to improve productivity and realize cost savings. Operators must be able to connect customers, manufacturers and partners across disparate systems, to ensure

that the right products get to the right locations at the right times. True, self-service business intelligence capabilities must be built-in, to proactively predict and respond to changing patterns and evolving medical emergencies. And, there must be enough computing power on board to master the increasing flood of data rushing in from various sources, in order to manage the supply pipeline. Latch onto a solution that can do all this, and you may start to realize performance that tracks consistently against goals, matching financial plans with operational plans based on better business decisions.

57,000

Types of healthcare products stored from over

1,100

Different manufacturers in an average distribution center.



A reliable ordering process.

Every business day, pharmaceutical distribution centers process an average of 4,500 orders, containing complex, important details, such as NDC number, manufacturer, brand, description and logistical information. As these orders come in over multiple sales channels, systems must be automated to accurately process the orders, in volume, and account for substitute medicines and replacement prescriptions where short supply, out-of-stock or recall events occur. Flexible rule sets that link items to customer purchase histories and suggest replacements, alternate item and generics must also be provided. And, controls for credit limits, multiple currency handling and product authorization and restricted sales must be available in light of increased regulation, especially in international shipping situations.

Successful distributors will do well to manage inventory levels using a combination of

fundamental sales and operations planning, seasonal profiles and promotional and event planning. Together, these activities will help organizations seamlessly predict, communicate and respond based on relevant analytics and KPIs presented clearly through user-defined dashboards. Integrated, real-time pharmacy, hospital and customer communications must also be enabled. To this end, mobility features, alert capabilities and call and contact planning will improve sales order fulfillment and optimize stock between warehouses. Meanwhile, inbound management enhancements, such as electronic ASN receipt via EDI or vendor network, must be made in order to ensure shipment tracking and accurate data processing prior to arrivals. The closer a distributor comes to achieving these operational ideals, the more competitive their position will be as the global market unfolds.



Specialized warehouse capabilities.

Pharmacies are central to the delivery of healthcare worldwide. When medical emergencies happen, disasters strike or outbreaks occur, pharmacies are mobilized, and their warehouse partners must be ready to respond. It takes true logistics expertise to efficiently deliver packages to affected communities around the clock, or handle quarantined medicines correctly, from receipt and processing through batch control by item number, e-Pedigree or lot. Specialized handling instances are the norm. Refrigerated and controlled substances must often be stored, processed and delivered according to strict guidelines. Documentation and other safety procedures must be in place to operate accurately, at high speeds and in compliance, not to mention at a profit.

Indeed, drug transportation and supply chain management of narcotics and hazardous materials requires efficient and secure warehouse

management end-to-end. To achieve it, warehouse systems must accommodate the reception, storage and picking of thousands of sales order lines interfaced with mobile and hand held devices, picking robots, and conveyors. RF and barcode support must be in place to ensure real-time inventory control and minimize paperwork. Outbound product handling and identification procedures must support dispatch and container management, box-in-a-box thermal handling and other advanced capabilities. From goods reception through final handling, including refund issues, credit notes, return reason codes and more, each warehouse in your supply chain should be equipped with the latest software and systems to support the ever-changing needs of today's dynamic healthcare environment.



We are very impressed with Iptor's software because the time taken to pick goods has been significantly reduced in this operation alone, and time is money.



Juan Hernandez
GM, Drogueria Betances



End-to-end track-and-trace technology.

It's a fact, primary distributors in the pharmaceutical sector deliver 15 million prescription medicines and healthcare products every day. The ability to track and trace narcotics and hazardous materials through the shipping process, while achieving on-time delivery with all the necessary documentation in place, is a challenge of mammoth proportion. Distributors who can manage the responsibility and still turn a profit are the ones that will remain standing in the long-run. There is no surviving the changes in the industry without up-to-date systems, designed to support the process at every touch-point along the supply chain.

Accordingly, pharma distributors must possess integrated systems that present a single version of truth, for each individual item in the system as it routes from the manufacturer to the consumer and back to a specific lot. This requires support for

international barcode serialization authentication on packaging at the point of dispense. It demands invoicing capabilities with NDC numbers, e-Pedigree and lot information on all documents, and advanced track-and-trace technology that integrates all business processes, including purchasing, inventory management, production, sales, regulatory and accounting on a single system. The solution should be able manage the process efficiently, even when repacking and exceptions occur. And, for maximum agility, mobile and fixed devices should also be deployed. The system should automatically trigger alerts in out-of-bounds instances, and electronic reporting and coding capabilities should be regularly updated, in compliance with regional regulations in every zone of operation.

15M

prescription medicines &
healthcare products
delivered everyday



Can your distribution software do all this?

Iptor's pharma solutions deliver everything suggested here and more, in a synchronized software solution specifically tailored to meet the needs of distribution intensive companies dealing in controlled and non-controlled drugs, biomed products and healthcare supplies. It includes the ERP, WMS, business intelligence and sales and operations planning support modern pharma distributors need, in a single, easy-to-use system that simply deploys on premise or in-the-cloud. Its functionalities are supported by world-class service through Iptor's domain specialists familiar with the challenges of pharma supply on a global basis.

The software itself will integrate smoothly with partner systems across your supply chain to swiftly and effectively deliver:

- Advanced track-and-trace management features.

- Integrated real-time pharmacy, hospital and customer alerts.
- Rebate, recall, charge-back, lot-tracking and multichannel ecommerce capabilities.
- Reduced risk exposure through advanced GDP, e-Pedigree, ARCOS and other compliance reporting.
- And much more.

The world of pharmaceutical supply is changing daily. The competition has never been more fierce, and the rules, never more complex. The good news is you can become a proactive, compliant and trusted partner with the right software solution in place. For a product demonstration or more information about how you can confidently take your distribution business to the next level, contact us at www.iptor.com



Iptor's software allows us to use one system for all of our business areas. The main benefits from this application take care of all specific needs for this healthcare business.



Risto Kanerva
MD, Oriola





Iptor is a leader in supply chain management, planning and logistics software and services. We help distribution companies world-wide solve complex challenges through connected, intuitive and adaptable cloud-based software. We also enable customers to focus on their core business by handling their infrastructure with powerful managed services offerings.

For more information, please visit www.iptor.com

Let's get social!



¹ "Pharmaceutical Industry," World Health Organization, © WHO 2014, <http://www.who.int/trade/glossary/story073/en/>.

² "The Pharmaceutical and Biotech Industries in the United States," Select USA, <http://selectusa.commerce.gov/industry-snapshots/pharmaceutical-and-biotech-industries-united-states>.

³ "Pharmaceutical Industry Overview – Trends," IRS, Last Reviewed or Updated: 05-Mar-2014, <http://www.irs.gov/Businesses/Pharmaceutical-Industry-Overview – Trends>.

⁴ "Impact of Patent Expiry on Global Generic Drugs Market, Trends, Opportunities and Challenges," Synergyst, January 1, 2012, <http://www.marketresearch.com/Synergyst-v3387/Impact-Patent-Expiry-Global-Generic-6745823/>.