

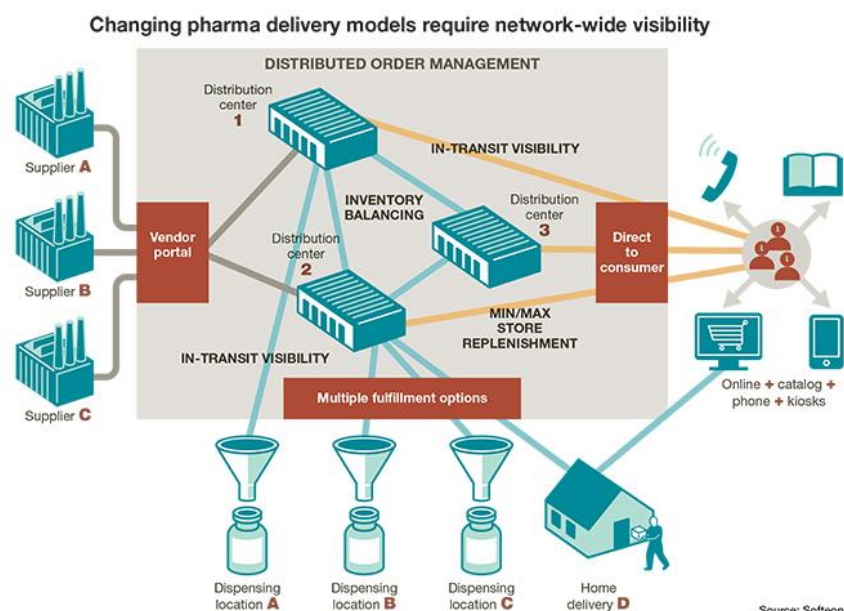
The Pandemic's Ramifications: Should the Pharmaceutical Supply Chain Be Considered Part of the Healthcare Industry?

By Michael Assaraf and Shital Parikh Mars | 21 September, 2020



The Pharmaceutical industry has come front and center amongst the global conversation about the Pandemic. As leaders grapple with understanding the disease and how best to cope with economic and societal fall out, pharmaceutical manufacturers are racing against time to ramp up production, shore up supply chains, and deliver healthcare solutions during what will be a global life-saving effort on a scale we have not seen before. Now more than ever we are acutely aware of the impact the pharmaceutical industry has on healthcare. So, is it time we consider the pharmaceutical supply chain a healthcare process and not simply a product process?

The pharmaceutical supply chain is a highly complicated and fragmented model that involves several layers of competing interests and third parties.

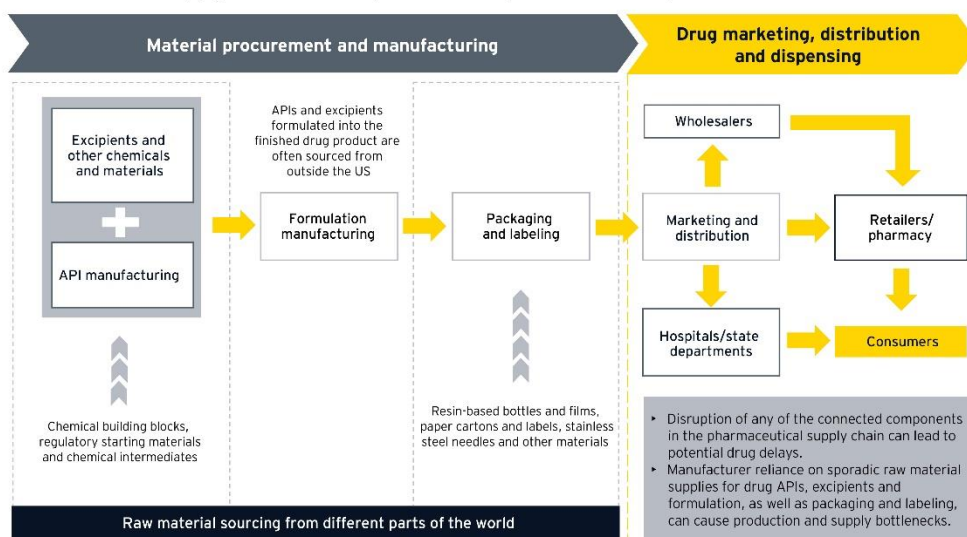


(MCre, 2018)

For the past several years, the pharmaceutical industry has been trying to implement more lean strategies to their production and inventory management systems. Lean models have been difficult to implement due to competing interests and a global network that requires readiness and quick thinking. Many pharmacies also manage their inventories on a just-in-time model ordering only what they need to dispense that week or that day. With the supply chain capable of fulfilling orders daily, this model works just fine. However, the Pandemic has and may change that thought process.

Early in the Pandemic, panic buying led to shortages. This was not simply seen in the retail sector, but the pharmaceutical sector as well. Pharmacies stocked up fearing a global shortage of medications for everything from hypertension to HIV. The Canadian Pharmacists Association called for limiting dispensing to 30-day supply in order to mitigate the impact on the supply chain in March 2020 (Canadian Pharmacists Association, 2020). Distributors began to ration and thereby fueling fears that supply chain issues had materialized. Luckily a lot of the panic buying had subsided, but no one is quite sure that the pharmaceutical industry is ready for the hurdles that lie ahead. According the European Parliament, a push for medication independence is necessary to handle such shortages which stands in sharp contrast to industry trends over the last decade. Today, Members of the European Parliament say that priority needs to be given to boosting domestic production of essential and strategic medicines as currently 40% of medicines marketed in the EU originate in non-EU countries, while 60 - 80% of active pharmaceutical ingredients are produced in China and India (European Parliament, 2020). Hurdles such as global hoarding of inputs, labor shortages, transportation restrictions must be overcome, and a coordinated effort must exist between all players to successfully produce and distribute possibly billions of doses of a vaccine or treatment.

Pharmaceutical supply chain: areas of potential disruption and interruption



Overall, the COVID-19 outbreak may be a wakeup call to the pharma industry and governments. It exposes longstanding vulnerabilities of pharmaceutical manufacturers that largely depend on a single market for critical ingredients, and manufacturing operations due to labor availability and cost advantages. India has already restricted access to 26 ingredients and formulations in an effort to handle its anticipated domestic needs. Apart from China and India, other production facilities of some of the major API manufacturers' sites are located in Israel, Hungary, Italy, Czech Republic, Austria, Slovenia, Mexico, Puerto Rico, Monaco, the United States, and the United Kingdom. There will, undoubtedly, be a call for other markets to increase their input and fill the shortages. While this may alter manufacturing networks and transport routes overall, the current knock-on effect of API disruption has highlighted the importance of strategically diversifying sourcing, manufacturing, and procurement methods and for pharmaceutical manufacturers to consider reconfiguring their supply chains to mitigate future disruptions (DHL, 2020).

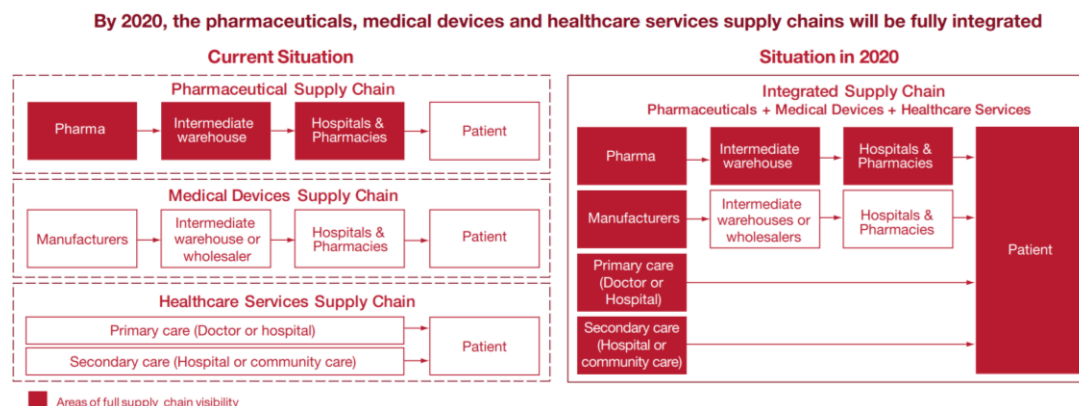
Of course the political climate both domestically and abroad presents its own challenges along with the lack of trust communities have in healthcare institutions especially the pharmaceutical industry. According to PWC, public trust in the pharmaceutical industry was low, which they believe is based on the perception that the

pressure for financial success has at times superseded the core industry purpose of improving human health (PriceWaterhouseCoopers, 2018). Trust has further eroded over the last 20 years. What's the point of creating a vaccine that no one believes will work even if it does? This is where interests align. Restoring trust in systems and people is essential during any crisis. PWC concluded

“It continues to be difficult to understand why an industry whose mission is to save lives and improve the health of our communities should be held in such low public esteem. Whether consumers and stakeholder group perceptions are accurate or are based on misconceptions is to some extent irrelevant. The realities are that perceptions drive people’s behavior and that in recent years the pharmaceutical industry has, for a myriad of reasons, lost the trust of its key stakeholders— regulators, payers, physicians, and patients. As such, the industry can and should act to restore trust as the central tenet of all of its relationships. At the core of these actions there must be an enhanced focus on transparency and the provision of complete and accurate information for consumers and stakeholders.

We need healthcare providers and pharmaceutical manufacturers, distributors, and logistics providers to work together more than ever because we will rely on each other to be successful in saving lives. And ultimately isn't that the purpose of the pharmaceutical industry? Saving and preserving life.

Now a collective effort must come together. Doctors, Pharmacists, Insurance Companies, Governments, Manufacturers, and Patients must come together to understand the challenges and risks that are embedded in the systems we have created to develop healthcare solutions. We need collaboration, communication, standardization, and a broader sense of the global interconnectedness that has become apparent over the last 6 months.



Source: PwC

(PWC, 2020)

One thing is clear, we have no shortage of innovative minds or the will to transform when we want to. The supply chain can adapt to changes and hiccups we face will merely be blips on the path to creating a more stable, nimble solution. Alignment across all function segments such as quality, integrity, finance, inventory, development, and distribution will remove the hurdles that prevent companies from acting quickly. Put the patient first. With the health-care system recognizing and turning to novel offerings such as virtual care and telemedicine, companies should continue to remain focused on solutions that put the patient first and set the foundation for success in the “new normal.” (Deloitte, 2020) We need to shift our focus from the products in order to focus more on patient outcomes. Now we have the opportunity to change because crisis begets creation. If we all believe we are healthcare providers, we can create the pharmaceutical supply chain of the future and save lives together.

Biographies

Michael Assaraf, B.Pharm

Mr. Assaraf has over 12 years of leadership experience in the specialty pharmacy industry. He owns Pharmacie Michael Assaraf which is proud to work closely with patients, clinics, nurses, doctors, patient support programs and community pharmacies to improve access to medical treatment and overcome obstacles to therapy. Specializing in gastroenterology, dermatology, rheumatology, endocrinology, oncology, neurology, hematology and hepatology, he and his team of experts are committed to patient care, support and reliability.

Mr. Assaraf holds a Bachelors Degree in Physiology and Masters Degree in Neuroscience from McGill University and Bachelor of Pharmacy (B.Pharm) from the Université de Montréal.

Shital Parikh Mars

Shital Parikh Mars has over 12 years of executive leadership experience in the healthcare industry with specific expertise in public companies, corporate governance, financial planning and management, compliance and audits, operational processes, and corporate cultures and structures. Ms. Mars was CEO of Progressive Care Inc, a healthcare and technology company the focused on pharmacy services and patient medicinal care, leading it through successive years of growth and achievement. Ms. Mars exhibits passion and dedication to proactive, forward thinking, ethical leadership in all areas of business management. As a public figure, Ms. Mars has leant her voice to champion evolving thought processes regarding healthcare strategies, virtual health technologies, risk management, last mile logistics, pharmaceutical integrity and supply chains, diversity and inclusion, and leadership development.

Ms. Mars has a B.S. in Business Administration and Accounting and is a member of the international business honor society, Delta Mu Delta. Ms. Parikh Mars previously held 6 securities license registrations including the Series 7, Series 66, and Series 24.

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