

## Value added services offered by full-line wholesalers

### *Full-line wholesalers: the vital link in healthcare delivery*

Pharmaceutical wholesalers provide customised solutions to the complex supply chain needs of all healthcare products and ensure availability and continuity of the supply of all of these products to citizens. We perform many value added services directly and indirectly for the benefit of patients.

Pharmaceutical full-line wholesalers carry and distribute the full assortment of products (in range and depth) to meet the needs of customers and patients. Moreover, we deliver all medicines used in our geographical area of activity within a short time span. Therefore, full-line wholesaling guarantees the continuous and countrywide availability of all medicines to all patients, including those in remote rural areas. Through strict purchasing procedures, inventory control and product handling procedures, counterfeit pharmaceuticals are kept out of the pharmaceutical supply chain: Pharmaceutical full-line wholesalers are committed to a zero tolerance approach towards counterfeit medicines... Recall procedures ensure that products are efficiently withdrawn from the supply chain if any unforeseen problem arises. Full-line wholesalers also handle information requests and financial services for our customers. As an industry we are committed to increasing and to broadening our product range to include medical devices and disposables in addition to RX and OTC medicines and other products sold through pharmacies.

*Examples of value added services which pharmaceutical full-line wholesalers provide<sup>1</sup>:*

<b>Warehousing</b> <ul style="list-style-type: none"> <li>• cold chain monitoring</li> <li>• inventory management</li> <li>• packaging<sup>2</sup></li> <li>• returns management</li> </ul>	<b>Warehouse Services</b> <ul style="list-style-type: none"> <li>• order-to-cash</li> <li>• VAT handling</li> <li>• waste management</li> <li>• destruction</li> <li>• insurance</li> </ul>	<b>Transportation</b> <ul style="list-style-type: none"> <li>• temperature controlled logistics, cold chain monitoring during transport</li> <li>• cross border service</li> <li>• emergency deliveries</li> <li>• express delivery</li> <li>• clinical trial packing<sup>2</sup> &amp; logistics</li> </ul>
<b>Manufacturing<sup>2</sup></b> <ul style="list-style-type: none"> <li>• kitting (kit assembling)</li> <li>• (re)labelling</li> <li>• (re)packaging</li> <li>• rework</li> </ul>	<b>Information services</b> <ul style="list-style-type: none"> <li>• documentation and scientific information</li> <li>• pharmaceutical databases</li> <li>• market access services</li> <li>• marketing services</li> </ul>	<b>Patient Services</b> <ul style="list-style-type: none"> <li>• self-diagnostics</li> <li>• nursing services</li> <li>• compliance programmes</li> <li>• patient-specific packs</li> <li>• pharmacy consultancy services</li> </ul>

<sup>1</sup> Some of these services are subject to an additional fee. The services are carried out under GDP (Good Distribution Practice) unless indicated otherwise.

<sup>2</sup> Under GMP (Good Manufacturing Practice)

### **Adding value to the supply chain**

Full-line wholesalers increasingly add value to the pharmaceutical supply chain. We have both the scope and the scale, in terms of product assortment and volume, to develop and deliver

products and services for combination therapies involving pharmaceuticals and medical devices. Clients include pharmacists and manufacturers, but also patients (e.g. homecare delivery in accordance with national legal frameworks). Moreover, full-line wholesalers have the scale and the knowledge base to support pharmacists in safeguarding patient compliance. In the event of any harmful interactions, full-line wholesalers can support pharmacies in quickly shifting to an alternative medicine, provided that we are given the opportunity to stock and deliver a full range of medicines. This flexibility is however hampered by the so called 'preference' policy applied upon the pharmaceutical chain and the emergence of alternative distribution models, depriving wholesalers from holding the full range of medicines.

### ***Additional services in the supply chain***

Many services that full-line wholesalers provide to pharmaceutical manufacturers and pharmacists are invisible to the patient, but complement the distribution of medicines, such as documentation and scientific information, reverse logistics, systems for stock management, marketing support, pharmaceutical databases or IT management systems and monitoring. Full-line wholesalers therefore add value by undertaking services that are non-core to our supply chain partners, but that are of tremendous benefit, enabling them to focus on the patient.

Many other services have been added to pharmaceutical wholesaling that are driven by new societal needs. These services include customised patient care in order to meet the unique needs of individual patients. Examples include the provision of self diagnostics and customised drug delivery, monitoring and nursing services. Full-line wholesalers and pharmacists also work together in steering volume and assortment in an optimised way. Downstream activities include repackaging medicines into weekly doses to meet patients' needs in terms of controlled and timely intake and cost effectiveness. Logistics innovations can support compliance and therefore better health.

### ***Challenges to the full-line wholesale model***

Preference policy and cherry picking by logistics providers are substantial threats to the full-line wholesaling model. Preference policy by insurers is threatening the business model based on margins. This places extreme pressure on the sustainability of the full-line model and will leave full-line wholesalers with a product portfolio that cannot meet the full range of patient needs. Full-line wholesalers also accommodate, as integrated supply chain providers, specific distribution requirements manufacturers may have for speciality medicines, which operate on customised and different remuneration structures.

### ***Summary***

Full-line wholesaling is the vital link in the effective delivery of healthcare in Europe. Full-line wholesalers not only deliver all medicines used in their geographical area of activity within a short time span, but provide customised solutions to all the complex supply chain needs of manufacturers and patients. These services are of tremendous benefit to all partners in the supply chain and ultimately to the significant benefit of the patients in Europe.

*GIRP, the European Association of Pharmaceutical Full-line Wholesalers  
Brussels, 6<sup>th</sup> June 2010*