

GMM Exhibitor Spotlight



Automate Processes, Guarantee Security, and Optimize Supply Capabilities

January 16, 1937, marked the very start of today's global corporate group: SSI Schaefer. The revolutionary development of the "Lager-Fix" container was followed by diversification and internationalization. The world's leading provider of logistical systems and products has roughly 70 subsidiaries across the world, more than ten manufacturing sites in Germany and abroad, and employs a workforce of almost 10,000 people across all its locations, including the international headquarters in Neunkirchen, Germany. With a presence on six continents, SSI Schaefer develops innovative concepts and solutions in its customers' sectors to shape the future of intralogistics.

SSI Schaefer has also become a leading provider of modular, regularly updated software for in-house material flows. Its IT team, with a headcount in excess of 1,100, develops high-performance applications, and provides customers with in-depth advice on the intelligent combination of software with intralogistics equipment.

Inventiveness, innovation, and a talent for discovery. Future-proof logistics solutions need to seamlessly blend in with individual processes. They must be infinitely variable and be able to flexibly adapt to new framework conditions. At SSI Schaefer, this holistic mindset has been the key to our success for eight decades. As a global general contractor, we deliver complete logistic systems, from comprehensive system planning and consultation right through to turn-key systems with tailored service and maintenance packages.



SSI Schaefer possesses extensive expertise and innovative technologies for the pharmaceutical and cosmetics supply chain

Guaranteed effect. One field in which SSI Schaefer is particularly active is the Healthcare & Cosmetics sector. Intralogistics in this industry is a challenge only a specialist can master: delicate products, comprehensive documentation requirements, and

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In Brief...

- ◆ **Amneal Pharmaceuticals** and **Impax Laboratories** have combined their organizations to form Amneal Pharmaceuticals, making it the 5th largest generics business in the U.S., with a growing high-margin specialty franchise. As outlined in the business combination agreement, each share of Impax common stock was converted to one share of Amneal class A common stock. Amneal president, Robert Stewart, stated "As we enter our next stage of growth, we look forward to implementing our integration plan and quickly starting to realize the many benefits of this combination."

- ◆ **Cardinal Health** posted revenues of US\$33.6 billion, a 6% increase year-over-year, and a decline in GAAP operating earnings of 10% to US\$546 million. Non-GAAP operating earnings increased 3% to US\$781 million while non-GAAP earnings per share decreased 9 % to US\$1.39. "Our GAAP operating earnings came in largely as expected this quarter. However, our non-GAAP EPS was adversely affected by a significant negative change our effective tax rate associated with our Cordis business," said *Mike Kaufmann*, Chief Executive Officer of Cardinal Health. "Our team is moving aggressively to address our operational and supply chain issues at Cordis." Cardinal revised its outlook for fiscal 2018 non-GAAP EPS from US\$5.25 to US\$5.50 to US\$4.85-\$4.95.

- ◆ The 4th largest U.S. wholesale and distributor, **Morris and Dickson** has received notification from the U.S. Drug Enforcement Agency (DEA) that their registration for the distribution of controlled substances has been suspended as of May 4, 2018. According to the DEA, Morris and Dickson failed to follow DEA regulations that stipulate any large suspicious orders of controlled substances must be reported to the DEA. The company fulfilled the orders primarily of *Oxycodone* and *Hydrocodone* made by small independent pharmacies in the state of Louisiana.

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McKesson Launches Multi-Year Strategic Growth Initiative

(Source: Company Press Release)

McKesson Corporation announced a multi-year strategic growth initiative, focused on creating innovative new solutions that improve patient care delivery and drive incremental profit growth. The initiative comprises multiple growth pillars, which includes a comprehensive review of the company's operations and cost structure, designed to increase efficiency, accelerate execution and improve long-term performance.

McKesson's growth priorities include expanded supply chain and commercialization services for pharmaceutical and medical supply manufacturers; enhanced solutions for the rapidly-growing specialty pharmaceutical market and new offerings that will strengthen and expand the role of retail pharmacy in patient

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McKesson (cont.)...

care delivery. McKesson expects investments in these areas will accelerate the company's growth trajectory over the long term.

Investment to support these growth initiatives will be partially funded by savings from the optimization of McKesson's operating model and cost structure. This work will take place in multiple phases and will encompass key functional areas such as information technology, finance and human resources. "McKesson has constantly innovated in response to changing customer and patient needs," said John H. Hammergren, chairman and chief executive officer. "This initiative continues that tradition, building on our prior successes while focusing on new areas where we can have the greatest impact on patient care while driving profit growth. By embracing better ways of working and becoming more efficient and agile, we can support innovation while creating more value for customers, patients and shareholders."

As a preliminary phase of implementing the strategic growth initiative, McKesson will incur restructuring and other charges in fiscal 2019, which will impact the company's results on the basis of U.S. generally accepted accounting principles ("GAAP"). This restructuring plan consists of after-tax GAAP charges that are estimated to be approximately US\$150 million to US\$210 million.

McKesson also announced that it has signed a definitive agreement to acquire **Medical Specialties Distributors (MSD)**, a leading national distributor of infusion and medical, surgical supplies as well as biomedical services to alternate site and home health providers. This transaction supports two of the company's strategic growth pillars - manufacturer services and Specialty - and complements the company's existing low-cost site of care infusion platform. MSD's established offering to providers in the home infusion market, as well as technology and services to support customers and patients using these products, will allow McKesson to provide incremental services to other customer segments. The transaction is valued at \$800 million and is expected to close in the first half of Fiscal 2019 (April – October), subject to customary closing conditions, including necessary regulatory clearances. McKesson expects the transaction will be modestly accretive to Adjusted Earnings per diluted share in Fiscal 2019.

The company also expects its newly-created foundation (see April 12 issue of Focus) to concentrate on opioid education for patients, caregivers, and providers, addressing key policy issues, and increasing access to life-saving treatments, such as opioid overdose reversal medications.

US Opioid Crises and Pharmaceutical Wholesalers

(Source: Edited excerpts from Cardinal Health's Values Statement)

The United States faces a serious and complex public health crisis related to opioid addiction and abuse. It's an epidemic that touches most, if not all, Americans. The pharmaceutical distribution industry is resolved to be a constructive part of the effort to alleviate this complex national public health crisis. The following are steps being taken by Cardinal Health (CAH).

CAH maintains a sophisticated program to spot, stop and report to regulators orders of prescription-controlled medications that do not meet CAH's strict criteria. Their system includes advanced analytics, technology and on-the-ground deployment

of investigators to evaluate all pharmacies and scrutinize all controlled substance orders.

For over a decade, CAH funded prevention and education programs to ensure school-age children, patients, pharmacists and prescribers are aware of the dangers of misuse and abuse of prescription medications, including opioids. The Cardinal Health Foundation, in partnership with The Ohio State University College of Pharmacy, developed *Generation Rx*, a national prescription drug education and awareness program for people of all ages - from teens to student pharmacists to community leaders - about the dangers of misusing prescription medications.

Building on the efforts of *Generation Rx*, in 2017 Cardinal Health launched the *Opioid Action Program*, a multi-prong effort to help communities in four of the nation's hardest-hit states across Appalachia - Ohio, Kentucky, Tennessee and West Virginia - to combat the opioid epidemic. Each element of the program is cited by leading experts, including the Centers for Disease Control and Prevention (CDC), the National Academies of Sciences, Engineering and Medicine (NASEM), and the President's Commission on Combating Drug Addiction and the Opioid Crisis, as critical to reducing opioid abuse and casualties.

CAH has prioritized these activities and responses for a simple reason: their people care deeply about this issue and the devastation it has caused American families and communities. They intend to continue to work alongside regulators, manufacturers, prescribers, pharmacists, educators, patients and others to fight opioid abuse and addiction.

In Brief (cont.)...

- ◆ IQVIA reported first quarter 2018 revenues of US\$2.56 billion, an increase of 8.6% year-over-year. IQVIA also raised its guidance by US\$50 million as a result of Q1 currency benefits and organic operational strength. "We started the year with strong financial and operational performance," said *Ari Bousbib*, IQVIA chairman and CEO. "Both our Commercial Solutions and Research & Development Solutions businesses exceeded our expectations; Integrated Engagement Services was in line with expectations, and we are committed to turning this business around."

- ◆ U.S. wholesaler and distributor **AmerisourceBergen** reported revenues of US\$41 billion for the second quarter of 2018, an increase of 10.5% year-over-year. Gross profit was US\$1.3 billion (relatively flat compared to the same quarter in the previous fiscal year) due to the negative impact of PharMedium's lower revenues and its facility remediation costs, as well as a LIFO credit that benefited the previous year period. "I am pleased with our performance in the March quarter as associated and business within AmerisourBergen continue to execute. Our distribution business are creating significant value for our customers as we grow volumes and help support their businesses in a dynamic healthcare market," said *Steven Collis*, Chairman, President and CEO of AmerisourceBergen.

(Sources: Company Press Releases, Drug Discovery, Drug Store News, and Five Rivers Rx)

SSI Schaefer (cont.)...

complex framework conditions place particularly high demands on manufacturers and distributors. Every process must be transparent and controlled. With a variety of systems installed around the world, SSI Schaefer possesses the comprehensive expertise and innovative technologies needed to cover the entire supply chain for pharmaceutical and cosmetics products. We are able to satisfy the high storage and picking performance requirements that are particularly prevalent in the pharmaceutical industry thanks to our automated solutions. The expandable, modular systems guarantee a high throughput of goods in a short time and flexible adaption to a constantly changing number of orders. The result is maximum productivity from an optimized material flow.

Dynamic, scalable, and fully automated. Sensitive goods require logistical solutions that ensure reliable handling and can be easily adjusted to support new types of packaging. Our answer at SSI Schaefer: intelligently connecting different storage and picking systems according to the modular principle, supplemented with solutions designed specifically for this market sector. Medications from different temperature ranges, delicate cosmetics in high-quality packaging, and toiletries stored on pallets – holistic concepts from solution providers aim to significantly increase technical performance while also increasing process security.

The Schäfer Carousel System (SCS) ensures efficient storage and ergonomic picking with zero errors. It is a scalable and modular storage and picking system for medium and slow-moving products, working in combination with ergonomic Pick to Tote work stations according to the goods-to-person principle. Optimized workflows mean that the maximum pick rate per employee increases to 1,000 picks per hour and the error rate is reduced to almost nothing – yet all with the highest degree of product protection. This system therefore guarantees a high level of performance with optimum efficiency.

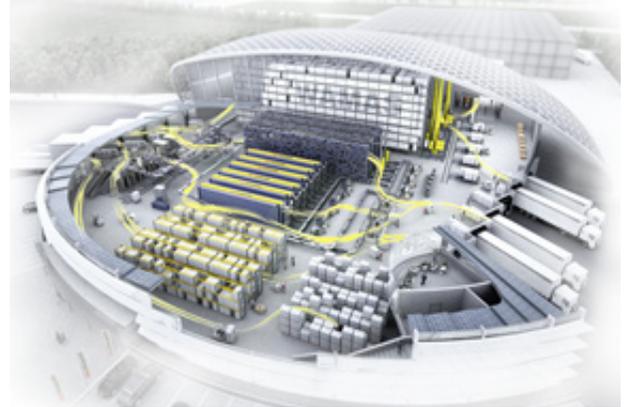
Identify, document, and sort. Securing batch and serial numbers is particularly important in the Healthcare & Cosmetics industry. Efficiently implementing the legal requirements (FMD, ePedigree) not only increases patient safety, but also improves competitiveness. The Schaefer Scan Machines include various solutions for product identification and precise picking. Intelligent image processing technology is used for identifying, documenting, and sorting items. The integrated barcode scanner reads 1D and 2D barcodes from six sides and ensures traceable picking.

A combination of the fully automated A-Frame picking system and the Schaefer Scan Machine enables efficient single product picking and recording, in line with the tracking and tracing guidelines for pharmaceutical products. Depending on the order structure, the system is able to read up to 12,000 pieces per hour. This means the solution is significantly quicker than conventional manual scanning and allows for the fully automated documentation of batch numbers, expiry dates, and serial numbers.

Integrated planning, management, control, and communication. Today more than ever, the prerequisite for effective intralogistics requires a close interlocking of IT with intralogistics technology. Modular software systems are needed that can be extended and customized according to requirements and that can communicate with a customer's own Enterprise Resource Planning system. At the same time, customers have to be able to analyze the material flows in real time to be able to spot any problems early on.

Our proprietary WAMAS® logistics software enables SSI Schaefer to not only meet these requirements, but to exceed them. WAMAS® is the link between goods-in, storage, picking, outbound delivery, and all intermediate process steps. Efficient warehouse operation is ensured through clear visualizations and consistent management tools for processes, resources, and stock.

From initial consultation through to go-live, the intralogistics experts at SSI Schaefer provide customers with comprehensive,



The logistics software WAMAS® controls & optimizes all intralogistics processes

global service expertise. As a certified SAP Silver Partner, SSI Schaefer provides support in selecting, introducing, and operating SAP solutions. Thanks to its comprehensive expertise in this area, SSI Schaefer also implements SAP Extended Warehouse Management (EWM) according to customer requirements.

Tailored service and support for maximum reliability. Maximum availability of all systems and short customer service response times are crucial to the success of a complex logistic system. SSI Schaefer offers you competent support. This means that our services can be adapted to suit your needs and wishes – anytime, anywhere, and for any job. Our preventive services allow for the best possible system protection and increase the system availability through early identification of deficiencies and wear. With reactive services for fast problem solving, our support is available around the clock. Additionally, SSI Schaefer offers individual solutions to extend the service life of your system as part of an optimum life cycle management program.

Our expert team develops future-proof solutions for pharmaceutical distribution, cosmetics manufacturers, drug stores, and mail-order pharmacies. An SSI Schaefer system can support both traditional wholesale distribution systems to omni-channel logistics solutions that fully support fast-paced e-commerce requirements. The results are precisely tailored solutions for all industry-specific applications. Whatever the size of your project, you can count on the experience of SSI Schaefer to implement a scalable and modular solution. Plus, SSI Schaefer intralogistics will fit seamlessly into your current processes.

SSI Schaefer will be an exhibitor at IFPW's 2018 GMM on October 10-12. We hope you found this information to be useful and will take the time to speak further with the Schaefer Team at the event.

**Not yet an exhibitor or sponsor?
Contact Christina Tucker at c.tucker@ifpw.com
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on available opportunities.**