

## Building a More Adaptive Supply Chain

(Source: An article by Olaf Schatteman and Julia Stephan for *Supply Chain Management Review*)

Companies that once boasted the world's leanest, most efficient global supply chains have suffered the greatest disruptions from Covid-19. Saddled with inflexible networks, their organizations now are struggling to meet soaring customer expectations for faster delivery, customization, lower cost, and sustainability.

Resilient, flexible supply chains are the answer, but some executives are uncertain about how to proceed. More than one-third of companies say their technology fell short in providing real-time insights needed to adapt operational strategies to a changing market and the traditional practice of upgrading or replacing supply chain backbone technology every 12 to 15 years is far too slow to meet new challenges. Today's transformation risks involve producing a technology backbone that is often obsolete by the time it is launched. It will also be difficult to integrate innovative digital solutions quickly in response to market changes. Leaders are overcoming this hurdle by taking a more adaptive approach. They deploy rapidly evolving technologies, including cloud-based software-as-a-service applications that continually enhance the supply chain backbone.

Artificial intelligence, machine learning, and advanced analytics improve forecasting and network optimization. These companies understand that an adaptive technology architecture is the foundation for a more resilient supply chain—and a powerful competitive advantage. In our experience, leaders get two things right—they opt for a core-light architecture and they embrace agile ways of working.

The technological and organizational moves are interdependent. An agile, test-and-learn approach to innovation requires a technology architecture that can adapt easily to change, such as a cloud-based system that offers software as a service. Similarly, an adaptive technology approach can achieve its full potential only when companies manage supply chain processes from end-to-end.

This means eliminating silos that separate functions, business units, and countries. Rapidly evolving technologies are transforming companies' ability to meet supply chain challenges. In response to ongoing disruptions in 2020, 76% of companies increased the use of digital network technologies. Some of the most innovative solutions combined existing digital applications with emerging technologies. Innovation is accelerating, and the vendor ecosystem is evolving rapidly.

For many leadership teams, implementation poses new challenges and risks, such as scaling solutions across heterogeneous operations. As a result, few companies take full advantage of new technologies. Only 8% of global firms have achieved their targeted business outcomes from investments in digital technology, according to a recent Bain survey. Many executives eager to turn their supply chain into a competitive weapon wonder which

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## In Brief...

- ◆ A new study from **Oxford University** found the **AstraZeneca** and **Pfizer** vaccines are effective against the troublesome Delta variant first found in India, according to results published in the journal *Cell*. However, researchers warned that the variants led to reduced neutralizing antibody capacity, which might cause some breakthrough infections. The study by Oxford University investigated the ability of monoclonal antibodies from recovered people and from vaccinated people to neutralize the Delta and Kappa variants.

- ◆ **GlaxoSmithKline (GSK)** expects product sales to reach £33 billion (US\$46 billion) by 2031 according to CEO *Emma Walmsley*. The projection only includes pharma and vaccine sales as GSK is shedding its consumer health unit. GSK's path starts with a 5% average growth rate in the next five years and GSK management reached the new blueprint after "four years of extremely ambitious, unprecedented, comprehensive change," said Walmsley.

- ◆ A new ad campaign from the **Healthcare Distribution Alliance (HDA)** celebrates the critical work of healthcare distribution companies during the pandemic, reminding people—and policymakers—that they've always been on hand delivering needed products. "*Health Delivered* is the theme of the campaign because in a very succinct way, it captures both the focus and the mission of HDA and our members—to ensure that people have access to the health care that they need," *Chip Davis*, President and CEO of HDA, said. While the initial goal is a general recognition of the behind-the-scenes work of pharma distribution companies, HDA also aims to send a message to healthcare policy leaders in the public sector, the government, thought leaders and other stakeholders.

- ◆ More than a dozen groups are working on COVID-19 vaccines that can be squirted or sprayed into the nose instead of

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## Improving Communication with Healthcare Providers

(Source: *Erin Fitzgerald for Forbes*)

Over the last decade, the pharmaceutical marketing landscape has undergone a significant shift. According to 2020 Accenture research, 87% of healthcare providers (HCPs) want either virtual or a mix of virtual and in-person meetings with pharmaceutical reps even after the pandemic ends. And a recent Real Time Covid-19 Barometer Survey of physicians by the company Sermo showed that 67% believe pharmaceutical companies could improve communications with healthcare providers and could do more to help physicians make prescribing decisions.

These days, the one-size-fits-all approach to the healthcare provider engagement may no longer work. Providers can now

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innovations will provide the greatest advantage and how they can maximize these new IT solutions.

Successful companies focus on continually reinventing their supply chains based on changing market dynamics and remove the obstacles. In fact, the starting point for most companies is a core-heavy legacy architecture. A great example of this is when mergers and acquisitions encumber organizations with multiple enterprise resource planning (ERP) systems that no one bothers to harmonize. Data typically resides in silos, with no master data-management concept, making it difficult to generate insights and analysis from the company's data. In the Bain survey, they ranked legacy supply chain architecture as the No. 2 obstacle for achieving their company's digital ambition. Adding to the sense of urgency, both SAP and Oracle have announced they will soon discontinue support for some legacy ERP systems.

During a transformation, forward-thinking executives do not jettison legacy systems that are packed with business logic but instead incorporate them in the new architecture. Companies that are successful understand their supply-chain organization's need for a secure and efficient way to exchange data and information with their partners, customers, and the broader ecosystem. That means tracing inputs and adding value at every stage of the supply chain, from sourcing of raw materials to distribution to the customer. Upstream suppliers and partners in the ecosystem create visibility by pooling information on inputs and the conversion processes these inputs undergo.

Companies that use an adaptive architecture approach can rapidly add features and functionality without breaking existing relationships between systems and solutions. This architecture also offers a solid foundation for companies to build a "control tower" as an intelligent overlay on existing systems.

Taking a strategic approach to supply chain architecture allows companies to improve profitability, increase flexibility, and react rapidly to changing customer demands. Instead of one huge transformation, leaders launch several loosely coupled, strategic projects to start closing the gap between current and future supply chain capabilities. By combining a data management strategy with agile implementation and clear governance, they're moving quickly to build a winning supply chain architecture for the future.

## Improving Communications (cont.)...

turn to online sources and digital tools instead of connecting directly to sales reps or pharmaceutical companies when they want information about new therapies thanks to Covid-19 social distancing requirements that limit or eliminate face time. Likewise, the emergence of digital tools like teleconferencing allow sales reps to get crucial treatment information directly into physicians' hands in real time have contributed to this paradigm shift.

Today, data from the American Medical Association shows that fewer providers are in private practice, making them responsible for meeting performance metrics set by larger organizations that may limit their ability to attend in-person meetings. Pharmaceutical companies should be willing to adopt new technologies for marketing and sales, such as digital training, virtual classes and further use of email communication.

According to one survey, nearly 30% of physicians would like "on-demand" access to pharmaceutical sales representatives. However, even the best, most advanced digital tools will not help if reps are not properly trained. Research has shown that only 26% of pharma reps receive personalized coaching tailored to their needs. Today's reps should not only be proficient in basic on-demand access skills such as screen sharing, lighting, cameras, and other video conferencing basics, but they should also be prepared to teach physicians for whom this type of engagement is new. Beyond that, they should have a deep understanding of their customers and the local market. Reps should also be able to tailor their pitches to each practice and the type of patients seen there.

Forward-thinking companies are helping their sales teams gather insights on individual physicians' preferences for engagement (for example, how often they want to engage and through which channels) via data lakes, predictive models, customer relationship management (CRM) systems, sales records, surveys and claims data. The best time to begin gathering these insights is before a drug is launched. Companies can then tailor their launch strategies with specific providers based on the sales reps' pre-launch interactions with those same providers.

It is imperative that pharmaceutical companies prepare their teams to adapt to these innovations brought about by the pandemic, as well as give them the flexibility to use these new avenues of communication as they become more accepted.

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injected in the arm. Besides the potential practical advantage of easier administration, these vaccines could trigger the mucosal immune system to make antibodies in the nose and help stop the coronavirus at its point of entry. While the mucosal immune system is hard to study and pharma companies have been reluctant to invest in the needle-free approach, mucosal immunologists and intranasal vaccine developers are hoping the pandemic will change that.

- ♦ Japan will stop taking requests for **Moderna's** COVID-19 vaccine from local governments and companies planning their own inoculation programs as the amount of doses it has secured will soon be exhausted due to a rush of applications. The government has acknowledged a considerably large number of applications have been received and has accepted requests of over 33 million doses from companies and universities, as well as over 12 million doses from local governments. Additionally, Japan has reached its goal of administering 1 million shots on a daily basis.

- ♦ **MSD K.K.** (the Japanese unit of **Merck/MSD**) announced that its oral antiviral in development for the treatment of COVID-19 is now part of a Phase III study. The study, "**MOVE-OUT**" (Part 2) will evaluate the 800 mg dose of *molnupiravir* administered twice daily for five days versus a placebo in the percentage of participants who are hospitalized or die from the time of randomization through Day 29. U.S. and major European countries have already joined the study with final data expected in September or October.

(Sources: Company Press Releases, Drug Store News, FiercePharma, Pharma Japan, Reuters and World Pharma News)