RESOURCES

COVID-19 is Shining a Light on Your Supply Chain, Part 1: Where are the Weaknesses?



Key Takeaways

- The COVID-19 pandemic is exposing fundamental weaknesses in the healthcare network supply chain.
- Supply chain leaders are facing fragmented data silos and end-to-end visibility challenges.
- The time is now for supply chain leaders to take a business lead and reprioritize supply chain plans.

By Roddy Martin | March 24, 2020



The ongoing COVID-19 crisis is shining a light on the fragility of the global healthcare system and the critical importance of end-to-end, patient-centric supply chain orchestration capabilities. What can leaders learn from the crisis—and what is the state of the supply chain today? Some thoughts:

1. The healthcare supply chain is changing forever. COVID-19 is exposing

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fundamental supply chain weaknesses, like those related to test kit security, healthcare infrastructure shortfalls, and the availability of critical supplies. The gaps in these key supply chain capabilities are highlighting the need for urgent transformation.

2. Regardless of what you planned for 2020, the supply chain strategy is now the business strategy and business operating model, and it is resetting business priorities.

3. The chief supply chain officer (CSCO) has emerged as a key leadership member of the business executive team and is no longer just responsible for moving product and cutting costs. The CSCO is now captaining with business leaders on the bridge of the ship.

4. Healthcare is quickly moving to an outside-in, patient-driven supply network (PDSN). Patient, market, usage, and downstream insight data will emerge to become key to planning and the improvement of demand forecast accuracy as healthcare partners collaboratively focus on orchestrating patient outcomes.

5. The healthcare and business transformation to a digital operating model is in full cry. Success depends on leadership, teamwork, and alignment governance between business stakeholders, IT, operations, customers, partners, digital transformation leaders, talent acquisition, and organization design specialists. A tall order that will only work if led top-down by the business executive! This newly constituted transformation team will need to investigate new digital network platforms that will offer the business a fundamentally new operating and integration template and provide real-time operating efficiency with the agility to integratively collaborate with all partners in the patient-centric healthcare partner network.

Supply chain challenges—and actionable advice

The COVID-19 pandemic is surfacing real-life examples of end-to-end supply chain

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fragility on a daily basis. Supply chain leaders and teams are confronting new challenges as the pandemic unfolds. These include:

1. Fragmented data silos

Partners across the patient-centric healthcare network, including pharma companies and suppliers, patient-facing healthcare services, and healthcare services, cannot easily connect and share data to be responsive to the partner network and the patients' needs—not without resorting to carrying hundreds of days of inventory, suffering long lead and response times, and living with inaccurate forecasts and fragmented upstream and downstream visibility. We know that this past operating model was only possible with excessive margins and patent protections and is no longer sustainable with developments in personalized medicine.

Action item: Take the lead changing the mental model and priorities of the traditional supply chain strategy in your business. Think "end to end" and "patient back to supply." Think about the business operating model and what needs to change to eliminate data silos, connect end-to-end processes, and manage data. As the supply chain leader, you are in a privileged leadership position to see the end-to-end implications of patient-driven orchestration operations and lead the transformation, even if it's only thought leadership to start. Make sure your approach is "end to end" and "cross-functional" and not siloed.

2. Lack of actionable visibility

As evidenced by the current crises surrounding COVID-19 test kits and their availability, traceability, and security, it is clear the visibility of products, supplies, services, and capacity is fragmented and disconnected. It is hard to orchestrate efficient, secure, and reliable OTIF services to the patient. This leads to discontinuous end-to-end orchestration of patient outcomes with long response times and delays and results in reactive, after-the-effect visibility and makes patient care ineffective. That is the last thing we want in times of patient need. To

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add complexity, this scenario extends to all partners and countries in the global healthcare network. Point-to-point systems, integration, data silos and traditional EDI no longer scale to meet the needs of the patient-driven healthcare network.

Action item: Supply chain leadership must orchestrate investigations into new enabling technology capabilities together with technology and digital transformation leaders to find a new digital platform that will support the new healthcare business and partner network operating model. Investigate patient data, patient usage, and market insights to surface and analyze the data and visibility needed for collaborative supply chain and business operations and, most importantly, to ultimately orchestrate desired patient outcomes. This is the time for the business to aggressively investigate digitalization of the business and transform business working practices and capabilities by 1000%, not just 1-10%. At last, “digitalization with a purpose” beyond just deploying new digital technology projects.

3. Patient safety and security risks

Patient safety, security, and the regulatory compliance of products are at risk because of the fragmentation of end-to-end processes between supply and patients. These risks and disconnects can disrupt, prevent, and constrain the orchestration of critical patient outcomes and even put patient’s lives at risk.

Security risks will likely become a significant factor as we globally prepare to deploy hundreds of millions of COVID-19 test kits, supplies, service infrastructure for testing, and also manage and secure confidential patient test data, and then ultimately distribute vaccines. This is the time when “actors with bad intent” will rear their ugly heads and use sophisticated schemes and false claims to produce and distribute counterfeit goods and services. We need to build in the visibility and security to prevent this from happening.

Be sure to **read part two of this article** where I explain how supply chain leaders can get started down the path of transforming their supply chain

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capabilities and organizations and start unlocking patient value, rather than just complying with enforced regulations.

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