

Pharmaceutical and Healthcare Leaders Fear Extreme Vulnerability in End-to-End Supply Chain as Pandemic Continues

Industry survey of 530+ supply chain leaders in several countries reveals concerns about widespread drug shortages, cost increases, drug safety, and a lack of resilience as many prepare for third wave of COVID-19 infections

New industry research announced by TraceLink Inc., the leading digital platform company for the life science supply chain, reveals that the pharma industry has been severely impacted by COVID-19, citing significant challenges with drug shortages, limited access to critical medicines, increased production costs, and heightened concerns around drug counterfeiting, diversion, and theft.

The IDC White Paper, sponsored by TraceLink, “Supply Chain Agility in the Pharmaceutical Industry,” surveyed 532 global supply chain leaders across organizational levels and functions in pharmaceutical companies, wholesale distributors, hospitals, and pharmacies. The benchmark study highlights systematic issues in the resilience of the pharmaceutical supply chain as the industry braces for a third wave of the pandemic and prepares for safe, worldwide distribution of COVID-19 vaccines, testing, and treatments.

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Drug Shortages Are the Top Challenge Faced by Supply Chain Leaders, With Growing Concerns Around Diversions and Counterfeits

- **46% of respondents have experienced drug shortages** during the pandemic, with an equal impact on COVID-19-related treatments and those unrelated to COVID-19, but impacted by supply disruptions;
- **75% of respondents agree that the pandemic has or will greatly increase problems with drug diversion**, including theft and counterfeiting of critical products (such as test kits, vaccines, and anti-viral medicines);
- **70% of respondents agree that their supply chain is very vulnerable** to suffering more problems with the continuation of the pandemic;
- **Stockpiling medications, transportation delays and increased costs** were among the primary COVID-19 challenges after drug shortages;
- **On-time, in-full (OTIF) delivery of medicines** to patients and from suppliers (a standard metric for supply chains) had degraded by ~50% within the first few months of the pandemic.

Poor Visibility and a Lack of Agility are Inhibiting Pharmaceutical Supply Chains From Being Resilient to Any Disruptions

- **Visibility is limited with inaccurate forecasting**. 65% of respondents can no longer accurately plan supply and 63% have lost faith in their demand forecasts.
- **Overall supply chain agility is limited.** Nearly half (43%) of respondents say they lack the necessary agility and redundancy to survive major business disruptions.
- **Patient-centric supply chain transformation efforts are still not widely recognized as a priority for resilience**. Only about 6% of companies are actively pursuing patient-centric transformation and only 14% are concerned about end-to-end visibility as a focus area in the supply chain.

Further Collaboration Is Needed

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“Pharmaceutical supply chains are still struggling to adapt to the global COVID-19 pandemic and prioritize business planning for the future, a worrying concern as we face a possible third wave in this pandemic,” said Simon Ellis, Program Vice President, Supply Chain Strategies, IDC. “When both demand and supply are erratic, supply chain agility becomes a critical capability to meet patient needs. Agility requires much tighter and more transparent holistic relationships with suppliers, and levels of collaboration that have not been consistently achieved in the pharmaceutical industry, largely because of the constraints in sharing accurate data.”

“The past eight months have stretched healthcare supply chains to the limit, demonstrating that today’s siloed approach to managing disruptions simply will not work,” said Shabbir Dahod, president and CEO, TraceLink. “Traditional information-sharing and business processes need to be broken down in order to improve agility, provide actionable visibility, and increase end to end supply chain resilience. Next-generation technologies like digital network platforms and supply chain work-management software applications that are designed to work across multiple enterprises can improve supply chain performance and ensure the timely delivery of medicines to patients all over the world.”

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