Orchestrating Outcomes for Logistics: Guy Courtin of Tecsys Inc. on the Impact of Supply Chain Digitalization – Part 2

Welcome back to Orchestrating Outcomes, a new video series presented by TraceLink focussed on the impact, challenges, and opportunities of digitalization across the life sciences and healthcare supply chain

How much data is too much? In Part 2 of our inaugural episode, Henry Ames, GM of Distribution & Logistics Orchestration at TraceLink continues his conversation with Guy Courtin, VP of Industry & Global Alliances at Tecsys, a supply chain software and services provider. Courtin, a former industry analyst with extensive supply chain experience across multiple industries, explores the growing importance of data sharing, the sea changes you can expect in product recall management and warehouse automation, the implications of new data loggers in logistics, and much more.

Key Learnings from Part 2: of our interview with Guy Courtin:

- **The Growing Necessity of Digital Data Sharing:** As outsourcing in the pharmaceutical industry expands, the need for seamless digital

communication across global networks becomes critical. Guy explores the importance of establishing a robust digital infrastructure to maintain efficiency and drive innovation.

- **Revolutionizing Product Recalls and Inventory Management:** Discover how digital tools can lead to more precise and efficient product recalls, significantly reducing costs and enhancing inventory management across the supply chain.
- **Preparing for the Future of Supply Chain Digitalization:** From navigating the requirements of the Drug Supply Chain Security Act (DSCSA) to understanding the implications of the Internet of Things (IoT) and data privacy, Guy offers key insights into what life sciences companies need to consider as they move towards a fully digitalized supply chain.

Watch Part 2 now to get actionable insights from one of the life science and healthcare supply chain's leading voices. In case you missed it, **be sure to watch Part 1**, where Guy Courtin discusses the critical importance of data accuracy, the "Amazon effect" on healthcare logistics, and the challenges of digitalization in a constantly changing supply chain environment.

Video Highlights:

- **00:51** -The critical need to share data digitally as outsourcing continues to grow in importance.
- **05:58** - How supply chain digitalization drives greater efficiencies around product recalls and inventory management.
- **08:45** - From DSCSA and traceability to warehouse automation: The future of the life sciences supply chain.
- **11:30** - Key supply chain digitalization considerations around the Internet of Things, data privacy, and more: How much data do we really need?

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I kind of want to dig in a little bit on the complexity of the pharmaceutical supply chain. And when I take a step back and think about what we've been through over the last couple of years with the pandemic. There was all this focus on, you know, do we spend some time and energy on nearshoring, friendshoring, reshoring, concerns around broader supply chain resiliency. Yet, there's a continued focus on outsourcing. So, as drug manufacturers and the broader pharmaceutical supply chain outsources to specialty providers who arguably are providing very high quality services because they focus on a particular niche: How do you see the importance of the digitalization, the flow of information around the movement of goods? How do you see the importance of that information accelerating as the continued focus on outsourcing services moves forward?

The challenge we have, you know, back to the earlier part of this conversation: It's hard enough for me to digitize inside my four walls sometimes. Now you're asking me to do it through my network? And now, oh, by the way, that network crosses state borders, international borders, potentially crosses into areas that are not as hospitable to us as other areas. So, I think that is absolutely a massive challenge that the healthcare network has to take on. And I'm not gonna lie to you. There's no magic bullet, right? There's no simple equation to say, "Okay, A+B=C," and we're done. Off we go. I think this really comes down to each network, each healthcare provider, each hospital, each pharmaceutical, right? They need to do an assessment of their own and figure out how do we ensure that we have the proper digital connectivity throughout our network?

And it's not going to be one size fits all, and it's not going to be something that you

can also do once and forget. You're gonna have to constantly monitor and make sure you're up to snuff on this. Now, part of it is, like everything, you have to think about to some degree, the carrot or the stick. I always prefer the carrot, but sometimes you need to use the stick. Now, is DSCSA the stick? Quite possibly.

But I think a lot of times what you have to do when you're in these networks, right? If you're onshoring, nearshoring, friendshoring, whatever it is you're doing, and your network is spreading, how do you make sure you convey to your suppliers, to everybody in your network, the value that they get or could get by being more digitally open with you? So, for example, are there ways that you can go and say, "Listen, if you are able to be more transparent with me, I get more insight into what you're doing. I could be more precise on my ordering."

So therefore, I'm not putting undue strain on your supply chain that you don't need. And therefore, I save you X amount of dollars or what have you. That's one way. Is there another way of saying, "You know what, I can share with you my customer data, my patient data, my demand data, so that you do a better job planning for what my needs are."

So, if I tell you I need 10,000 widgets, you might look and say, "Okay, you say you need 10,000, but based on my model, you're really gonna need 8,000 immediately and 2,000 in 12 months. So, I can base my manufacturing differently. So, part of that carrot, I think for this too, Henry, is to be able to share across the network. What is the value of being more transparent, more digital being more transparent? Because then there are a whole host of new business options we can take into account that if I don't have that visibility, I might not be able to get there. Now, it also requires a certain level of trust. Right?

Any of us who've been in supply chain or went to business school at some point probably played the Beer Game. And by Beer Game, I don't mean sitting in a bar and ordering a bunch of drinks. I mean the actual Beer Game of ordering from your supplier, etc. And we've all been through it. We've noticed you get the bullwhip

effect, you get all kinds of issues. Why? A lot of it is because we don't have visibility. We don't have trust. Yeah, you tell me you want 10,000 items. I don't believe you. I think you really need 12,000. I'm gonna over manufacture. Or I order 10,000 from you because I don't think you can make them. But 2000 always come in as bad quality. So, I really need 8000, but I'm gonna order 10,000.

And again, once we layer or we sort of pull the curtain back and allow people within the network to see what's really happening through digital technology, we can reduce a lot of this unknown and allow for also new business plans, new business opportunities amongst the network that they can take advantage of.

But it first starts with working with your network to explain to them why they need to be digital because of transparency, because of better communication, because of openness, but then be prepared to start showing value to them, for them to participate. And yes, there's a stick, you could say, "Hey, if you want to be one of my top tier suppliers, you need to do this and we've seen this. If you're a big hospital network, or you're a Walmart, you can do that. But for most of us, I think you have to employ more of that carrot mentality as opposed to being a bully.

I appreciate that insight. You brought up a couple of different things there that I'd like to maybe drill in a little bit more on. One was this whole concept of a multi-enterprise network, you know, multi-enterprise supply chain networking. The complexity of sharing data across different entities. And secondly, the DSCSA, the Drug Supply Chain Security Act and the pending deadline in November. You know this pending deadline in November for item-level serialization leads to the potential promise of being able to do digital recalls. How do you see, when you think about Tecsys and your work there? How do you see opportunities around digitalization driving efficiencies around recalls and or inventory management at the fringes of the supply chain?

No, absolutely. One of the things about recalls across the board is that it's hard to identify specifically what I'm recalling. This manufacturing facility had an issue, so

recall everything that went through there But maybe it's just one batch. Maybe it's even just one box that needs to be recalled. But if I don't have that digital footprint, I have to cast a wide net and that costs a lot from time, from money, from labor, etc. So, to me, when I see as we're looking at these things and this ability to do digital recalls, better precision on what and where items are and which ones we potentially need to recall, or potentially which ones are defective.

I think we're going to see a tremendous gain in efficiencies. So, instead of again having these blanket recalls or these blanket, you know, because that's the only way we can do it. We can be more precise in that. I think what that's gonna do is also allow the networks to be much more intelligent with how they handle their skews, how they handle their inventory, how they position their inventory, how they move the inventory around.

Because again, once I get more visibility, once I get more precision, once I get more understanding on what makes up all of that inventory, how can I be smarter about it? How can I place inventory in a better forward position or how can I hold it back? If I have a recall, how can I zero in exactly on what has to be recalled? And instead of taking everything off the store shelves or out of hospitals or a pharmacy, I can just say, "No, no. It's this lot number, this batch, and it's this three boxes of pills I need to take off. Great. And I take those off and the supply chain keeps humming along. So, I think there's nothing but positive, from that perspective. The question becomes, and this sort of goes back to the beginning of this conversation, is how clean is that data? How can I trust it? Is it timely? Is it the right information? How am I tracking everything?

So, you know, I think we can picture when we get to that point, that shiny city on the hill of having this great visibility. We still got a long way to go to get there. Even with DSCSA coming down, I think there's still a lot of challenges for a lot of systems to be able to put in the right technology, the right hardware, the right software, the right change management, to really get to that point. And I think

we're still a bit of aways from that.

That's really helpful. Thank you for sharing that. You know, obviously, this isn't intended to be a commercial for Tecsys, but I'd be really interested to know, where are your most strategic, most forward thinking customers pushing your organization today? Where are they asking you to make investments? Where are they pushing you to add additional features or functionality? Where do you see the future going?

Yeah, I mean, they're pushing a lot of places which is always a healthy relationship. We've touched upon a lot of it, too. First and foremost is around things like traceability, DSCSA. Those are being pushed on them by bigger entities. So, then it's being pushed on us, which I think is good. I think it's a good place.

So, we spent a lot of time talking about that. That's certainly one area that we're seeing a lot of opportunity, a lot of need, and for us to be pushing ourselves and exercising those muscles to get there. I think the second one, which is interesting too, is when we look at the warehouse itself, is we're seeing more and more of our customers pushing on us too, to understand how does things such as automation play into the future of healthcare, healthcare distribution, healthcare warehouses? Everything from robotics in a warehouse to help put things away, to help pick things, to help secure things. So, for example, you might have drugs that are, you know, we have some companies or some clients that have some drugs, that one dose is over a million dollars.

Well, I can't just leave that hanging out on a shelf somewhere. I want to make sure it's safe and secure somewhere. So, we're being pushed on that, is automation gonna help? We're being pushed as well to think about: Well, how does automation help with my last mile delivery? As more and more of these health networks are looking to do things such as ship to home, can I use drones to help me do that? What does that look like? Is it feasible?

So, I think we're seeing a lot from that front as well. And I think it's a trend we're seeing across the board. Definitely in healthcare, but we're seeing it across all industries where the need for better, more effective, more precise warehousing and fulfillment continues to bubble up for many reasons. But many that we know of, right? Labor issues, warehouses themselves are changing profile. They're no longer just a pass-through for inventory, they're doing a lot more.

And also changing business plans, right? How do we address our supply chain in a way that we probably didn't think about 20 or 30 years ago? So, those are some of the key areas where I'm seeing our customers push. I'm seeing it also from a general industry trend. So, I don't think we're unique in that, but we're certainly excited about it because it's making us constantly be better. And we need to be at that place because the one thing that hasn't changed is disruption of supply chain. The only thing that's changed the pace at which we're seeing that.

Well, we're nearing time. So, maybe I'll ask one final question and then we can close. And I think it's related to some of the elements of the last few questions, which is, how do you see the growth of digitalization as it pertains to IOT-related data? I mean, we've talked a little bit, we've sort of brushed on cold chain, but you've got temperature, light, shock, vibration, new data loggers out there collecting real-time data and sending that back. How do you see opportunities for improvement in terms of supply chain visibility around the IOT space?

Yeah, let's go back in the time machine here. And this really started out, I would say, in the late 2000s when our friends at Walmart told everybody they had to put RFID on everything. And to me, that's really sort of the explosion of this notion of IOT, right? The Internet of Things, putting tags on everything, being able to take what was usually a dumb object and make it smart. So, I do think, A, this is, when we fast forward to today, the prices of IOT tags, RFID readers, etc. have come way down. So, the feasibility from a business perspective of infusing more of this is absolutely gonna continue to grow. I think for us, we have to think about it from a

couple of angles.

First is, great, we have more data sources. On the surface, that's fantastic. But back to our earlier discussion, is it the right data? Is the data on time? Is the data clean? Do I need that data? So, that's one. Let's figure out, is it the right information? Do we really need it? Do we need it at that pace?

Second, I think is, what are the data sources we can turn on or turn off based on our needs? So, for example, if all of a sudden, there's potentially a tornado coming through. I have a DC that has critical supplies for my hospital network. Can I light up all that information and monitor it in real time? And then when things calm down, maybe I can scale that down again. But that ability of leveraging the IOT to look at things in near time, real time, when I need to, I think that's also something that's very important.

The third part to think about this and we didn't touch upon it, but I'll bring it up, is the whole notion of data privacy. And I think that's something we sometimes gloss over. But we think about all these connected devices, right? Well ya, it's an inanimate object that is just connecting. But the reality is this: Some of these are tied to our activities. Some of these are tied to us as people. Some of these are tied to other objects for our families or friends or pets, what have you. And we have to think about what happens to all that data because at some point we're collecting it, putting it in a server. What happens to it? Are we taking care of it? Do we get rid of it in time? Do we destroy it properly? Is it a lifetime that we keep this data?

And I think that's something else that we, when it comes to IOT, we have to be very careful of. One of the things that I always, I used to do a lot of writing about IOT back in the day and, you know, it was talking about like, well, IOT enabled skateboards and IOT enabled chopping blocks in your kitchen. IOT enabled kitchen fridges, etc. And yeah, some of it was a little bit silly. Some of it was interesting. Some of it was scary because, why? Do I really need an IOT-enabled chopping

block? I don't know. But it's out there. So, I think we need to be very thoughtful when it comes to IOT because, just because we can do it doesn't mean we need to. And we need to, again that last point, we have to think about the data privacy, the data governance. What are we gonna do with this data? Yes. Some of it is gonna be, you know, anonymized data about how my truck is doing.

But you know, we have to be very careful because there's a certain line we don't want to cross. And I think sometimes we forget that in the excitement or the irrational exuberance of being able to pull more data from more stuff. So, I think we have to take that philosophy on this. But I do think IOT, overall, I think has a lot of promise and I'm certainly excited about it. But I think we also have to just be cautious when we start looking at expanding our data exhaust, if you will, with more and more connected devices.

Thank you so much for being with us today, Guy. I look forward to future collaborations with you.

And thank you all for joining us for this episode of Orchestrating Outcomes. Stay tuned for more episodes as we continue to explore supply chain digitalization and work to uncover valuable insights that you can use in your own digitalization projects.

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