RESOURCES

Home
Resources
Resource Center

Orchestrating the Manufacturer-Direct Material Supplier Relationship to Build a Win-Win Future



Close collaboration and visibility between life sciences manufacturers and their material suppliers is critical for ensuring predictable, resilient, and operationally efficient product supply for today's global patients. In this video, Andrey Zaikin, Head of Sourcing and Growth Strategy at Zentiva, explores:

- Current and emerging product supply and demand issues that create pressure on material sourcing and procurement operations.
- Opportunities and benefits for digitalizing existing supplier relationships, particularly across large API/excipient supplier networks.
- How material suppliers can benefit from access to and exchange of real-time data across the order-to-cash process.

Zaikin also provides Insights on where to start gaining early wins with material suppliers. Watch now!

© TraceLink Inc. 2009 - 2025 All Rights Reserved

TRANSCRIPT

[background music]

Dan Walles: Andrey, maybe we can get things started by if you can introduce yourself and Zentiva, and your role within Zentiva.

Andrey Zaikin: Sure. Thanks a lot for this opportunity to a bit explain what we are doing, what we can do with the help of TraceLink or any other live platform. One of my favorite TV show characters, Harvey Specter from "Suits," he is always saying you need to work hard that you don't need to introduce yourself.

I still need to introduce myself, so I still need to work a bit.

Dan: You do. [laughs]

Andrey: I will do this. My name is Andrey, Andrey Zaikin. I'm responsible for the sourcing, procurement, and product strategy. It's actually end-to-end sourcing management of all our products on the market, I would say.

From launch, I take over the responsibility on our products. I manage, of course, with all our team, the sourcing plan for those products, their life cycle management through procurement, through transfers, from internal to external.

We are a manufacturing company. We have four sites, but we have also a big portion of our products done by our CMOs and external licensors. Then through the whole life cycle, through the portfolio optimization, product management, and hopefully till pruning because we want to bring new products. We are a generic company.

I would say in terms of Zentiva, I hope that most of you at least know who is Zentiva, but I will give a short introduction. It's a pan-European company. We're

© TraceLink Inc. 2009 - 2025 All Rights Reserved

celebrating today six years of independence.

[applause]

Andrey: Thank you. We are independent company supported by a financial fund, American financial fund called Advent. For the last six years since we carved out and became independent pan-European company carved out from Sanofi, we managed to double our self in terms of sales. Today we are €1.5 billion company selling across whole Europe.

We have manufacturing sites, as I mentioned, four manufacturing sites. We have a lot of production internally. We have around 770 molecules today.

A lot of complexity, and I'm sure you will hear this word today, at least in the next 20, 25 minutes a lot because I'm going to say it.

Dan: [laughs]

Dan: Also, in terms of supply security and in terms of managing all the complexity and supply disruption, we also have our external manufacturing, which brings much more complexity.

I think also what I wanted to mention or maybe even to ask you guys because we are coming after lunch, so probably we need to exercise a bit.

[laughs]

Dan: How many suppliers do you have, guys? Just number.

Dan: How many have 10 suppliers? Raise your hand. 20?

Andrey: I will give you a hint. We as Zentiva, only for the materials supply, we have 470 suppliers today.

Dan: Wow.

© TraceLink Inc. 2009 - 2025 All Rights Reserved

Andrey: Really imagine 470 suppliers. Only on APIs, I have 150 suppliers. On excipients, I have 200 totally different suppliers. One of them actually was presenting today, Merck. This is only on materials. 470 suppliers. It's a huge complexity again. Huge number of products.

Sometimes it's only one batch per year. Sometimes it's 20 products. Doesn't matter. It creates a lot of complexity to our supply chain. Then on top, we have another 300 suppliers on external manufacturing. Actually, those that are supplying the finished products. The CMOS and licensing partners.

Coming from our history a bit because of acquisitions during the year, because of different growth that we faced during the last six years, but it still creates a lot of complexity.

Dan: Sure. Maybe as part of that, you can talk about some of that complexity as it relates to...I imagine there's a lot of manual processes that are happening within your organization. Maybe you can share some of the complexity and challenges that exist within that supplier base because so many of the processes are manual at this point.

Andrey: True. I think again, because we were carved out from Sanofi, so we were carved out without any tools [laughs] and without any platform that helps us to manage our complexity. On the other hand, in the last five, six years, we focused a lot on the growth, we focused on acquisitions, we focused on creating new sales, new activity.

Unfortunately, we didn't focus much on the right tools, how to manage this complexity. This brings still a lot of manual work. We have our operational procurement, which we call the part of the supply chain in the sides who is dealing with direct management of the POs, management of the supply towards the suppliers.

We have our strategic procurement, which is focusing on the pure negotiation and

© TraceLink Inc. 2009 - 2025 All Rights Reserved

management of the supplier relationship management. There is no much, let's say, connection to all the suppliers on the digital level. There is a lot of manual work done, and this creates a lot of sometimes even frustration on both sides, on our side, on side of suppliers.

I took over procurement three years ago. In the last few years, we focus a lot on the supplier relationship management to make sure that we also create platform even if it's not a digital platform, but at least a communicational platform with all our suppliers to make sure that we explain them where we are, we share with them the forecast, we understand what are the needs of suppliers, so on.

We really spend a lot of time on this kind of communication which can be, of course, by a way of digital platform, real-time platform, can save a lot of time. A lot of effort and their money.

Dan: It sounds like -- and this story is maybe not unique -- a company that's gone through some pretty significant growth. You've been focused on running the business and growing the business, which has been done through a lot of manual processes that you've started to replicate.

If you were to look back or maybe even going forward, in terms of digitalization, where would you start with your digitalization efforts? Is there a specific process or an orchestration that is -- I think they used the term this morning-- low-hanging fruit? Where would you start at Zentiva?

Andrey: No. I fully agree. I call it quick wins. I think we would start from this type of quick wins because it will serve several good outcomes. It will help us first to prove the concept to our self, to our people because any change in the company, it's a change. It requires change in the culture. It requires change in the processes. It's not easy.

The quick wins should help with this, should help to prove the people that there is a value in this. I'm sure it will be quite important impact. Then I think it's also

© TraceLink Inc. 2009 - 2025 All Rights Reserved

important towards our suppliers because for them to join the show, to join the whole story, it's important also to understand, what is the value? Why they would do this, actually. What makes good for them.

These quick wins will show. I'm sure it gives a lot of opportunities for the suppliers because instead of spending time on our monthly calls, for example, when we compare the data, where we share one number, they share another number, and then we try to come to some common number.

Dan: [laughs]

Dan: At the end, through this digital platform, we can come only to one source of truth in the end. We don't need to discuss it even. We can spend our time on more valuable things.

Dan: Solving the problems.

Andrey: Solving the problems. Also, towards our ways of working, it should be much more effective, which at the end, brings value, brings savings, brings a lot of commercial impact, also.

I think one additional point is supply security. We hear about this a lot. We are talking about supply security at least for the last three years. As I'm heading the procurement, I hear this term. It was not so much focus on this before. All the crisis happened three years ago.

Procurement, for example, main focus was always price. Nobody spoke about supply security. We always spoke about savings. My target or target of my predecessors was, "Give me savings. That's your job."

Three years ago when I was proposed by my boss to take over procurement, they said, "No worries. Supply goes perfectly. All good. There is only minor stuff, some Chinese New Year," which every year, we forget that there is Chinese New Year, as

© TraceLink Inc. 2009 - 2025 All Rights Reserved

usual. [laughs] We surprised about this.

Dan: [laughs]

Dan: A part of this, there was no problem. Then two months after, all the crisis happened and we started to work on the supply security. Now I think every CPO job in every company is to ensure that supply is secured, even sometimes more important than the price.

Without any digital tool, without any real understanding of your supply and your demand, which is changing today dramatically, especially in generic business where we are, we cannot make our job properly now. We cannot secure supply. The fluctuation on the market so high. There are a lot of financial penalties, even.

I'm sure you were reading recently in France there was a big story about several generic suppliers who were not able to supply on time. They were out of stocks. People paid €9 million in penalties. It's a lot of money. It's a bit political, but it's also connected to the out of stock at the end.

In Germany, we face penalties if we do not supply the right tenders. It's all connected at the end to the financial performance of the company.

Dan: Along those lines, whether it be maybe forecast, exchanging forecast, or purchase orders, or inventory balances, is there an area that is maybe not so much easier, but would demonstrate that quick win between yourself and your supplier? Is there one of those three or maybe another one that is a place to start?

Andrey: Yeah. I think you touched inventory, for example. It's the topic today. [laughs] Cash, not anymore comes for free. Not as it was before. We need to pay for this. It means that we cannot freeze our money in inventories. We cannot keep high inventories as we did in the past.

I think all industries is facing the same problems, I would say. It might be also an

© TraceLink Inc. 2009 - 2025 All Rights Reserved

opportunity, actually. At the end, for sure, all these fluctuations in terms of volumes, because we are reducing our inventories, because we are managing our safety stocks, we are dealing today a lot with VMI, with the consignment stock, we call it.

It impacts our suppliers again in terms of volumes. Our fluctuations on the volume forecasting is great this year and last year. This, let's say sharing the forecast, sharing the information about our future planning, which changing every month, becoming very difficult.

Sometimes we don't get PO acknowledgments from some suppliers, and we are sitting and actually waiting for the date of delivery.

Dan: [laughs]

Dan: Will they deliver or not? I don't know. Then instead of this, the platform which will help us to get the acknowledgments, get the visibility, and give the visibility also to the suppliers is something that is a must. It's not any more nice to have.

Dan: Along those lines, and you mentioned this and it was mentioned earlier this morning, the tools are one thing and having the capability to digitalize data exchange, whether it be inventory or forecast, but it really starts to change how the organizations work. There's a large change management effort that goes on.

Can you talk a little bit about how Zentiva would approach that, or maybe in other areas or other projects that you've done, how you implement a large-scale change management program?

Andrey: It's a good point because it's not easy to implement any change in the company which continues to grow, continues to work on the many priorities today in terms of sales, in terms of further integration of the acquired companies, or portfolios, or products.

© TraceLink Inc. 2009 - 2025 All Rights Reserved

It requires a lot of focus. Zentiva, this year, took digitalization as a strategic program, strategic focus from all our executive committee.

We dedicated project management for this specific topic to find the right platform to work with the digitalization because we recognize that our ambition to grow is still high. In the next four, five years, we will double ourself again. That's our plan.

Today, with the way we are working, we cannot manage growth through the platforms and existing digital systems that we have. For sure, this blocking the growth already. This change management and this project, or program, or whatever we call it, or even mindset already needs to be changed. It's getting changed now because it comes now from the top. That's quite important change.

Dan: Having that directive that this is a priority for our organization is critical to start. Let's maybe change topics a bit and talk a bit about...We talked about quick wins, but it's quick wins for both parties, both for Zentiva as well as the supplier.

From your perspective, how would you position the value of investing in digitalization to your supplier, a supplier that you want to partner more closely with?

Andrey: You're right. Again, to repeat, we have huge complexity.

[laughter]

Andrey: We have 470 suppliers. For sure, not everybody will accept the change, as you say, or will be, let's say, ready to...Even if they would like to do this, they would not be ready from the systems point of view and so on.

I think that's the challenge that we will see in the future for sure, how to manage this implementation to all our suppliers. It's a matter of a project. It's a matter of understanding, sharing the information, transparency, and being very clear also with our suppliers.

© TraceLink Inc. 2009 - 2025 All Rights Reserved

There is also a lot of changes in our environment. We cannot only look at ourselves, our suppliers. There is broader industry. There is a lot of changing happening also within the industry pushing, I would say even, [laughs] us to act towards digitalization, towards being transparent and open talking about sustainability.

This is quite especially in Europe today where our playground, it's becoming one of the top, or if not, the top program in Europe. It requires a lot of transparency, a lot of sharing information, getting information from suppliers, scope one, scope two.

Even not speaking about scope three because this is totally big picture, which I don't know when we all will be able to see. At least scope one, knowing your supplier and knowing suppliers of your suppliers. Are they compliant? How are they compliant? Are they able to supply products?

It's already here, so we cannot close the eyes. We need to address this through, again, sharing emails and sharing this information through questionnaires, which we keep doing for the last few years. It will not work anymore. It's not possible.

Dan: With those suppliers that are ready to make an investment in digitalization, do you see your relationship with them growing and giving them additional business because they're responsive to those requests?

Andrey: Sure. All these suppliers who wants to grow their business, they understand, or at least we tell them also [laughs] that the old way of supplier and the producer relationship is over. It's partnership now. That's what we promote also across our network of suppliers.

We are not talking about suppliers anymore. We are talking about partnership. We are speaking about win-win situation. We are measuring our suppliers. We are measuring the performance of the suppliers.

We don't want them to bring materials, for example, earlier than needed. We want

© TraceLink Inc. 2009 - 2025 All Rights Reserved

them to bring the material on time, in full. We want to make sure that our suppliers actually understand this.

Those who are not part of the game, they will be unfortunately out. They understand this, but on the other side of the coin, those who are part of the game and they are delivering on time, who are working in the same mode with us, they're getting more business. Again, we have 470 suppliers. We don't want to have so many.

[laughter]

Andrey: The cake will be shared with less suppliers, with those who are answering the needs of the new ways of working.

Dan: Opportunity for them to grow their business.

Andrey: Huge opportunity.

Dan: We're running up against the clock here, but maybe you could provide a couple of points to the audience on where they can start if they're looking at digitalization, and maybe what steps they would take when they leave FutureLink and they head back to their organizations.

Andrey: Sure. If I would take one or two outcomes of this discussion, again, complexity. On one side, we want to get rid of complexity, but complexity will be here. We are part of, or at least our company is a generic company.

We just celebrated 40 years of Waxman Hatch Act, which actually created almost the generic business in the world. It's only growing. Generic part of the business in pharmaceuticals only growing, which means that complexity will grow. We need to manage this complexity through digital platform. There is no other way today.

If you are not on this path, it will be very difficult to manage it in the future because we need to manage complexity. It should not be opposite.

© TraceLink Inc. 2009 - 2025 All Rights Reserved

Supply security, it's something that we learned last three years that it's driving the industry today. To solve this, we cannot do this anymore on emails. We cannot do this anymore on the way of working that we did before.

[background music]

Andrey: It requires different mindset, different culture, and it's coming, if we want it or not.

VideoMINT for Direct SupplySupply Chain VisibilitySupply Relationship Management
Meet with TraceLink to learn more about supply chain digitalization!
Fill out the form to schedule a meeting now.

Thank you! We will contact you soon!

© TraceLink Inc. 2009 - 2025 All Rights Reserved