COVID-19 AS DIGITAL ACCELERATOR IN PHARMACEUTICAL SUPPLY CHAINS

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ABSTRACT

Co-founder Florian Hildebrand gives insights on trend topics of pharmaceutical supply chains in this article. Digitalisation has taken great steps forward through the global pandemic. These steps resulted in big changes in all industries, especially focusing on API supply chains. The trend topics contain smart packaging, remote audits, data sharing and digital marketplaces. Each of these fields brought up new businesses. Hildebrand explains where his company Qualifyze helps their customers to tackle these changes. Additionally, he introduces other innovation leaders in the different fields and how their services and products can help. Concluding, the pharma industry is facing digital changes that are here to stay. When pharmaceutical companies adapt to these challenges, this can result in competitive advantages.

KEYWORDS: Digitalization, trends, Covid19, pharmaceutical, API.

INTRODUCTION

2020 has forced many industries to rethink the way that they conduct business. Many shops and restaurants have had to close down entirely as they could not transition their business model, whilst other services like online shopping or food deliveries have seen unparalleled growth. Covid-19 has forced the world of business to become more digitally minded. Although Germany is portrayed as being on the front line when it comes to technology, small businesses are quite passive when it comes to functional consumer tech, such as wireless payment technology, etc. As a German native, I have always struggled to pay with a card in many restaurants, shops, or bars. Since the pandemic, this technology has been widely incorporated into many of these services to reduce the physical exchange of cash that could potentially aid the transmission of diseases.

THE IMPACT OF COVID19 ON THE PHARMACEUTICAL INDUSTRY

The Pharmaceutical industry has seen considerable changes during COVID-19 - particularly for companies that have been directly involved in the prevention and treatment of the virus. There has been a rapid increase in the production of drugs and medical devices to prevent and treat Covid-19, such as facemasks, covid-tests, pneumococcal vaccines, etc. Many of these companies have never experienced dealing with such a high volume in such a short period of time and ultimately it has tested the resilience and reliability of their supply chains. There have been many factors that have been difficult to control, such as country-specific restrictions on imports and blocked shipping routes that have led to complications with transporting goods on time. However, where there are restrictions, there are new opportunities for businesses to innovate.

TREND 1 – SMART PACKAGING

The difficulties with the traffic of goods exposed the need for more transparency and traceability within the shipping industry and consequently, businesses have developed smart containers which track the status of goods in real-time as well as temperature-controlled containers that can be regulated remotely. An example of a company that has excelled during this pandemic is SkyCell. SkyCell successfully managed to integrate a secure and sustainable way to ship medicines whilst ensuring goods are traceable and regulated en-route.

TREND 2 – REMOTE AUDITS

Not only B2C businesses had to adapt to the new situation. The digital transformation affected and changed the B2B business, too. Within pharma supply chains, supplier qualification has been an area that has faced a multitude of challenges. Supplier audits have traditionally been carried out on-site, however now with the ever-changing travel restrictions and COVID measures, many audits now have to be carried out remotely. This is still quite a foreign concept for many suppliers and auditors, with many expressing concerns about their ability to deliver a thorough and conclusive assessment from behind a computer or phone. However, gradually both suppliers and auditors have adapted to this new way of working by improving communication channels, planning audits ahead of time, and utilizing videoconferencing technologies.

Supplier audits often have to be performed within strict timeframes and organising an on-site audit can be a risk, particularly in countries where COVID measures are stricter or changing on a regular basis. Remote audits help companies to lessen this risk by removing the likelihood of cancelations or the audit being postponed and therefore meeting these tight deadlines. The preparation of a remote audit is somewhat different from a regular audit due to the lack of a physical presence at the audited site. The facilities tour has to be replaced by a virtual tour or supporting photos, videos, or other documents. If the auditee has a manual Document Management System (DMS), it is

essential to know how documents will be shared during the audit. It is important that all stakeholders agree on a tool to be used during the audit and preferably the auditee sets up the virtual invitation. This ensures that the tool is accepted in the company and meets all confidentiality requirements.

Due to travel restrictions, auditors are not always allowed to travel to the supplier's country, which has led to a spike in demand for local auditors. Utilising local auditors has numerous advantages; the auditor is likely to share the same language as the auditee and having someone local removes the need for unnecessary travel. This consequently saves Companies a lot of time and money, whilst reducing their carbon footprint. Also, we have conducted >50 remote audits in 2020 and build a significant experience in this field

TREND 3 – DATA SHARING / AUDIT PLATFORM

Data sharing is another trend that is evolving within the Pharmaceutical industry. Many Pharmaceutical companies source their ingredients from the same supplier and can collaborate together to make sure that data is consistent and reliable. Data sharing can work in numerous different ways and is particularly useful when it comes to auditing suppliers. We, Qualifyze, are an innovation leader, that is digitizing audit processes to reduce the involvement of all stakeholders and enable data sharing.

Additionally, we find the best solution for our customers. Companies who order limited quantities from suppliers may be rejected to perform an audit on their own, so having multiple companies can help secure a date and also lessen the audit burden for the supplier. Shared audits make up a significant proportion of the audits that Qualifyze offers, and we help multiple companies obtain information in a secure and timely manner. We help tackle the challenges involved in supplier qualification with our audit tracking platform. The concept behind the platform is to provide transparency and a safe environment for data sharing. Qualifyze follows strict confidentiality procedures to ensure that no company or sensitive information is shared with co-sponsors when conducting shared audits. The same rules apply for data sharing between peers.

TREND 4 – DIGITAL MARKETPLACES

The fourth trend within digital transformation initiatives in pharma is digital marketplaces. Digital marketplaces in all their facets are becoming increasingly popular as they enable companies to access an extensive selection of chemical raw materials and get unique supply chain and price insights. A successful leader in this field is Kemiex. Buyers, distributors, and manufacturers of active pharmaceutical ingredients (APIs), additives, and chemicals can request, offer and ensure raw materials trade with qualified counterparties.

Since the outbreak of COVID-19, the pharmaceutical, nutrition, and chemical industries could not meet at trade fairs to meet new counterparties or negotiate deals with existing ones at their sites. This resulted in a quick adoption rate of digital solutions like Kemiex, which are helping market participants to streamline decentralized communications from e-mail and messenger apps, to optimise trade compliance and data analytics, as well as to use networks and scalability effects for efficient sourcing and sales in different market situations.

"There is a new generation of cloud-based software solutions supporting purchasing, sales, and market intelligence professionals responsible for APIs or other chemicals", says Pau Franquet, founder of Kemiex AG in Switzerland. "We've had cases on our public marketplace where buyers got
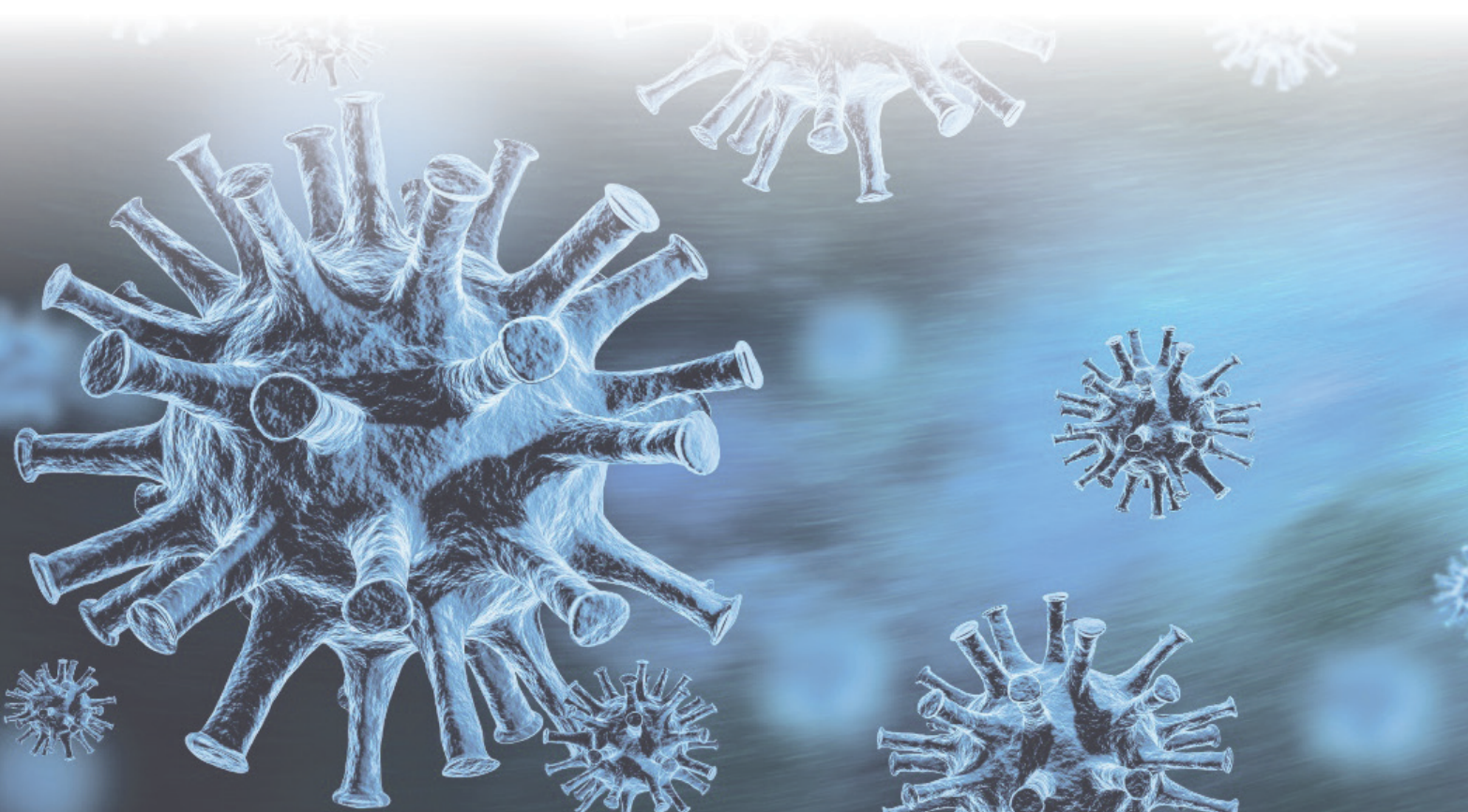
access to raw materials at special terms, saving tens of thousands of dollars in one transaction. It's profitable, it's convenient and it's fun."

Since late 2020, Kemiex is also offering custom-branded and private purchasing and sales portals combined with supply chain and pricing insights. Adding a Request-for-Quotation (RFQ), marketplace or sales commerce module to one of the ERP solutions of the "big" providers such as Microsoft, SAP or Oracle would eventually start at six- or seven-digit annual bills and higher, many months of integration projects – to ultimately have a high-maintenance interface that is also used in automotive or retail. Private portal clients of Kemiex get their own comprehensive chemicals trade platform, with connectivity to their ERP and implemented within weeks at a fraction of the cost.

CONCLUSION
Digitalisation is not something new and has been a core part of many Companies' strategies, particularly in highly competitive markets such as consumer services. The Pharmaceutical industry is one of the oldest industries to exist and has a history of

processes that rely heavily on manual interaction. Digitalisation is often more difficult in these types of industries as it relies on mass-changes that are complex to implement in multi-national organisations. There is always a force behind change and this pandemic has made it vital for Companies to adapt to unpredictable circumstances. With that being said, digitalisation gives Companies a competitive edge and is certainly worthy of investment. It enables pharmaceutical companies to save time and money and allows them to become more environmentally aware. A crisis brings many difficulties that need to be solved. But when overcoming these challenges, new businesses and solutions can change the future for the better.

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ABOUT THE AUTHOR

Florian Hildebrand is a Co-Founder of Qualifyze, an online platform for supplier audits. During the COVID pandemic, the company tripled in both revenues and employees and grew their global customer base. Especially during the pandemic, Qualifyze was able to help pharmaceutical companies to keep their critical drug supply intact to deliver medicine to patients globally.

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