

Tackling Supplier Management Challenges to Build a More Agile and Resilient Supply Chain

The ongoing supply chain disruptions caused by COVID-19 have made one thing clear: Pharmaceutical companies need a new and innovative way to work with suppliers and supply chain networks, so they can more quickly adjust to changing conditions, avoid or mitigate disruptions, and ensure that the right medicines are delivered to patients on time, in full (OTIF).

Digitalising the supplier management function will require the use of multi-enterprise work management to eliminate data silos and enable various stakeholders to work together and share data within the same, secured application.

Recent data from analyst firm IDC's recent pharma industry survey found that prior to COVID-19, 74% of suppliers were achieving 98% or better OTIF delivery rates. After the pandemic hit, OTIF rates for those same suppliers plummeted by 28%.

As companies seek ways to work with their suppliers in this "new normal", multi-enterprise work management has emerged, allowing the ability for supplier relationship management teams to orchestrate shared work across different functions both inside and outside the organisation to achieve actionable visibility, greater agility, and better end-to-end supply chain resilience. Multi-enterprise work management supports the primary role of supplier relationship management, which is building better relationships through shared goals and collaboration.

With a multi-enterprise work management system on a digital network platform, supplier relationship management teams can overcome obstacles such as:

- Poor supply chain visibility.
- A lack of supply chain agility.
- Sub-optimal OTIF delivery performance.
- The need for better supply chain resilience.

Yet pharma companies and supplier relationship management teams still face

myriad challenges, including the increasingly complex outsourced supply chain; the virtual workforce, which may be here to stay; and the ongoing drive toward digital transformation.

Working Across a Network of Suppliers is Challenging

The global market for outsourced services in pharma and biotechnology reached an estimated \$54.8 billion in 2020, and it's projected to reach \$90.9 billion by 2027, according to a recent report from market research firm Global Industry Analysts, Inc. As the use of outsourced services grows, the supplier relationship management team's role becomes more challenging because they have to work across a network of contract manufacturers, packagers, consultants, and other business partners located all over the world.

At the same time, COVID-19 is fundamentally changing the way we interact with our colleagues, customers, and business partners. With many life sciences companies planning to embrace work-from-home policies even after the pandemic has ended, the need to support extended virtual internal and external teams is greater than ever.

To be successful in an increasingly complex supplier network, companies need new types of solutions to work more effectively with teams inside and outside of the organisation. A highly outsourced supply chain drives a need for digital network solutions that reduce or eliminate inefficient manual processes that are difficult to track and measure – phone calls, emails, text messages – and improve visibility for all supply chain stakeholders.

Pharma Companies are Increasingly Interested in Digitalising their Supply Chains

Companies across all industries have been working to become more digital for years, and the COVID-19 pandemic has added new urgency that is fuelling this trend.

Pharmaceutical companies have lagged other industries in digitalisation of their supplier management function despite the potential benefits that digitalisation offers,

like improved intercompany processes and greater supply chain visibility, agility, and resilience, enabling better execution of changes and response to disruptions.

Digitalising the supplier management function will require multi-enterprise work management to eliminate data silos and enable various stakeholders to work together and share data within the same, secured application.

Tighter Collaboration Leads to Better, Faster Supply Chain Network Decisions

Supplier relationship management teams work closely with contract manufacturers and other supply network partners to collaboratively make decisions.

Here's an example that happens frequently in the industry:

- A contract manufacturer begins a production run for a pharmaceutical company but only has enough ingredients to produce half of the order. In the absence of a collaborative decision-making process, that CMO may assume the right thing to do is produce and deliver half the order.
- But what if the next product scheduled to be manufactured for that pharma company could be produced and delivered on time, in full? The pharma company might prefer to put the current production run on hold and move on to the next one, opting to ship a complete order, as opposed to fulfilling an order over time in dribs and drabs.
- The pharma company's supplier relationship management team may also need to rapidly source from a secondary supplier, check finished goods inventory, update quality assurance to make the change, and work with upstream and downstream partners to adjust production and delivery plans.

With a multi-enterprise work management application on a digital network platform, that CMO could simply create an issue that says, "We have only half of the

API for the 20mg and 50mg capsule orders. How would you like to prioritise the use of this API?" From there the team could provide visibility to necessary parties and orchestrate a timely response.

Currently, this type of supplier issue would typically be addressed through a flurry of phone calls, emails, and time-consuming, disconnected processes. With a multi-enterprise work management application, all the information needed to make the best decision is available in a single, shared environment to internal and supplier team members.

The Supply Chain is Not Broken — But there is a Better Way

As the COVID-19 pandemic emerged and began causing supply chain disruptions in 2020, there was no shortage of news articles and blogs stating that the pharma supply chain is "broken". But it's not. While the pharma supply chain certainly has serious obstacles to overcome from an agility perspective, pharma companies and their partners continue to produce high-quality products that improve the lives of patients.

Working through and managing supply chain disruptions, incidents, and changes requires a great deal of flexibility and ingenuity, and supplier relationship management teams continually rise to the challenge. But by necessity, they are forced to rely on manual processes that inherently hinder supply chain agility.

A multi-enterprise work management solution empowers teams to launch coordinated responses to even the most complex incidents, ensuring that each stakeholder understands their role in getting the issues resolved. By collaborating on a multi-enterprise work management system on a digital network platform, companies can:

- Overcome the top supplier relationship management challenges.
- Digitally transform supplier management processes.
- Improve supplier relationships.
- Drive supply chain agility and resilience.

Multi-enterprise work management is a critical enabler of greater supply chain resilience. But achieving a truly resilient supply chain will also require a commitment

to digitalisation and a rethink of the way supplier issues have typically been resolved.



John Bermudez

As GM of TraceLink, John Bermudez will be responsible for leading the overall strategy, business planning, and operational execution for TraceLink's Digital Network Platform business. Bringing over 30 years of experience in management, marketing, product management, engineering, software development, research and SaaS transformation, Bermudez is an established leader in supply chain management, most recently leading Infor's supply chain management digital transformation and acquisition strategy. During his career, Bermudez was Vice President at Oracle and AMR Research/Gartner, where he co-authored a book on the impact of e-commerce on supply chain management.

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