

# Large ARV Buyers and Sellers Forum 2017 – Breakout Sessions notes

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Cape Town, Republic of South Africa



**Republic of South Africa**

# Breakout session notes: Value for Money

## Topics Discussed

### Sourcing/Supplier Management

- Reduce packaging and markings while linking with regulations
- Bring services closer to customers to reduces freight cost and allow for smaller batch sizes

### Demand Management

- Orders of larger quantities and delivered in batches
- Demand planning should be a 2 way communication management mechanism as manufacturers need to fiscally manage our funds
- Execute volume guarantees

### Process and product lifecycle

- There are technologies available for smaller pill sizes – some companies are using it efficiently but it isn't big in ARVs
- Reducing pill size (think about it for TAF-ED). Additionally what can you do with regulators to ease the approval of these changes and the cost the manufacturer has to bear
- Leverage technology to use bar-coding to better implement package labeling and reduce shipping cost
- Align national and regional approaches so that packaging and labeling can be done once
- Aligning regulatory processes while bringing more countries into regional harmonization efforts
- Continuous production – requires more regular orders

### Supply chain optimization

- Invest in local packaging
- Freight optimization
- Ship bulk drugs to country and execute filling and labeling in country

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## Topics Discussed

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### Improve forecasting

- For manufacturers it is all about lead time
- Big buyers do the forecasts

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### Optimize packaging and labeling

- Single standard or just put in barcodes that can be accessed in country (and link to reporting mechanism). Patient inserts can be printed locally or made directly available to patient via their cell phone
- Remove inserts and remove cartons (and standardize)
- Doing away with the cartons – low hanging fruit

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### Sourcing closer to demand

- For a local manufacturing level – capex is an issue. The length of tender or finding innovative finance mechanisms or an operational model that can spread the burden of this risk

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### Optimize storage

- In a large country – placing larger orders is a struggle – instead deliver it in monthly/quarterly batches; formulate the order to be delivered in batches

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### Other

- Leverage technology – using bar coding and automatic ordering
  - Leverage cell phone technology for pharmacovigilance
  - Better leverage regional warehouses
  - Redefine shelf life requirements to not hamper longer shelf life products and emergency deliveries. Supplier recommend using months of until expiry instead of a percentage of RSL.
  - Multi-month packs
  - Establish market early warning system for suppliers
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# Breakout session notes: Demand Management

## Topics Discussed

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### Information needed

- Need also more disaggregated demand information including company specific allocations from more buyers than currently provided
  - Demand visibility should be shared for the next level up in the supply chain (e.g. FPP to provide visibility to API etc.)
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### Accuracy

- +/- 20% in forecasts is manageable
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### Impacts of poor demand

- Substantive uncertainty of demand with order late or not visible/predictable creates significant peaks and troughs in demand
  - Manufacturing inefficiency where unutilized capacity and stop/start takes time to restart/respond - or may be allocated to other products
  - Respond to poor demand management by holding inventory – so works in terms of responsiveness for buyers – even though not at an insignificant cost of capital and expiry risk (especially with high remaining shelf life requirements)
  - Challenges compounded up the supply chain and longer lead-times for sourcing of APIs and Key Starting Materials (KSM)
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