



Supply Chain Management 101 National and Regional Approaches

Clinton de Souza, April 2022



Outline

- Regional Distribution Centers
- Outsourcing logistics services
- Supply Chain Operating Models
- Contact Information

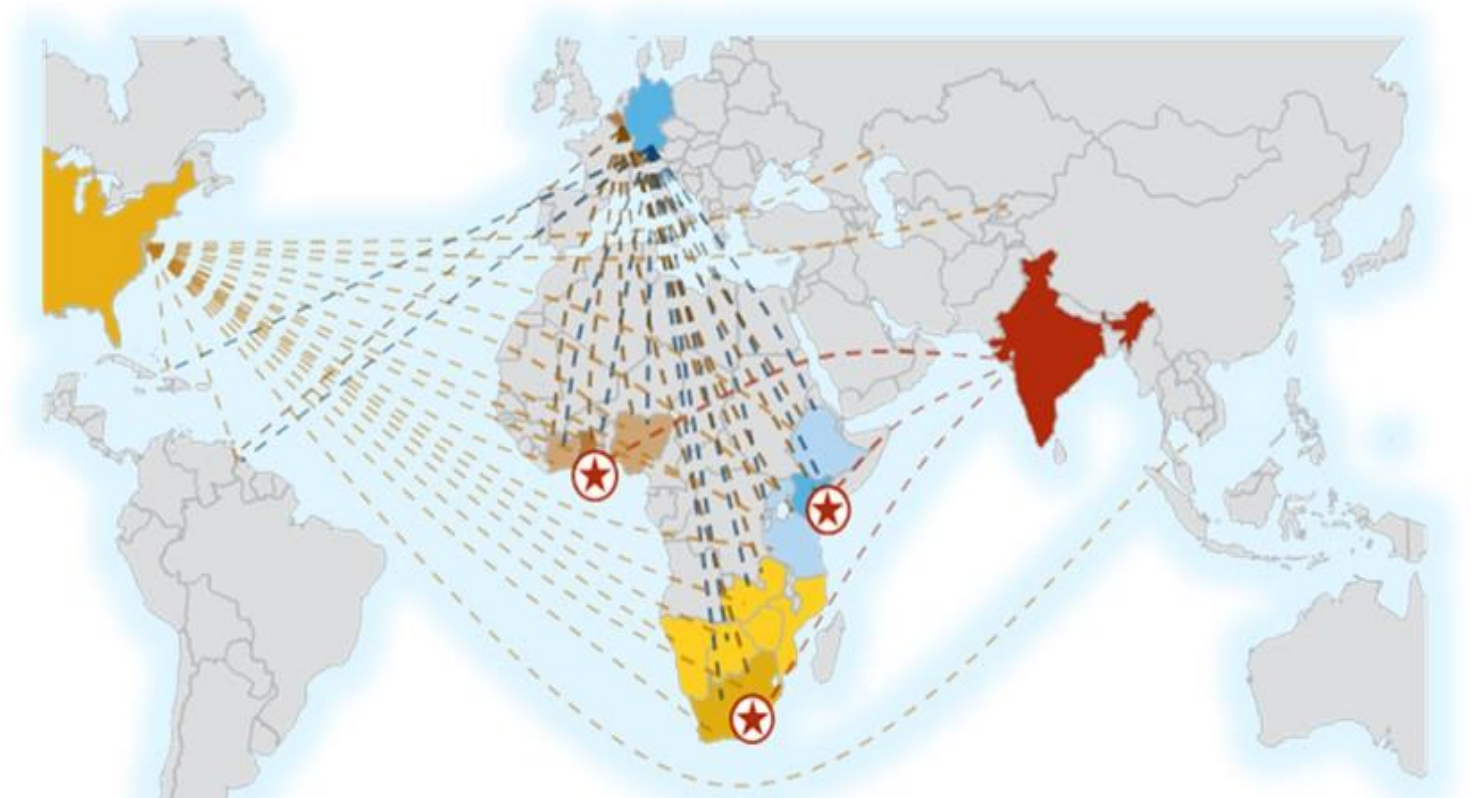


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Regional Distribution Centers

What are RDCs?

- One stock holding location to serve multiple geographies
- Part of a collaborative procurement approach
- Moves products closer to their markets, ensuring shorter delivery lead times
- Is responsive to health emergencies i.e., COVID-19



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Regional Distribution Centers: benefits

Protect in-country distribution systems

- Stage regional demand near each market and ship smaller, more regular orders

Product security

- Health products are secured at the lowest point of the supply chain to better serve high-risk geographies

Sufficient, pharma-compliant storage

- The lack of pharma-compliant facilities requires significant investment

Lower-cost shipping

- Air freight costs are avoided. Ocean and road freight offer lower logistics costs

Buffer manufacturer supply

- Unreliable product supply from drug manufacturers

1 Regional Distribution Centers: what can be achieved

Product availability

- Regional stock holding of COVID-19 commodities to meet regional demand

Avoids arrival of semi-annual volumes

- Due to pooled demand & procurement, product forecasting can be a shorter period i.e., 3 months

Minimizes expiries

- Due to one warehouse serving multiple markets, stock expiry rate is low i.e., below global pharma industry standard of 3% - 7%)

Improved response and reaction

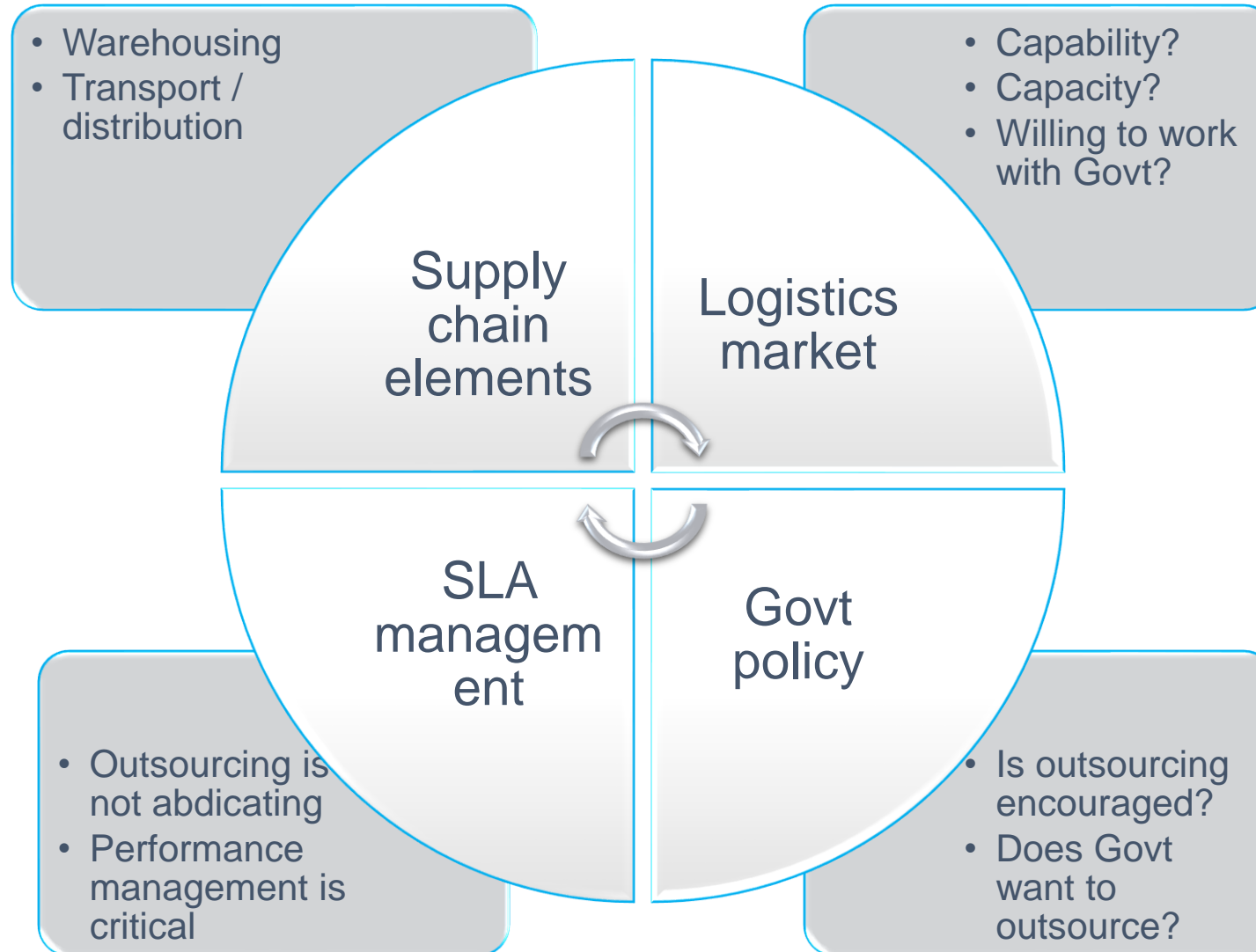
- Orders can be fulfilled within 1-4 weeks, rather than months with orders placed directly on manufacturers

Consistent service levels

- Smaller countries often receive slower responses from vendors. RDCs create parity in product delivery service levels

Operated by regional logistics service providers

2 Outsourced logistics services



2 Outsourced logistics services

World Health Organization

Good Warehousing Practices

Good Distribution Practices

Service level agreements (SLA)

Resources required

Scope of services

Performance management

Key performance indicators

On-time delivery/lead time management

Stock loss/damage

Accuracy and speed of proof of deliveries (POD)

3 Supply Chain Operating Models

Government-owned, Government operated

- Logistics infrastructure (warehouses, trucks, staffing) owned by Government
- Government operates the supply chain: from sourcing and procurement to product delivery
- Requires quality management systems (ISO 9001:2015, Six-Sigma, LEAN)

Government-owned, Contractor operated

- Relevant for countries who no longer wish to invest in logistics assets (trucks)
 - Typical services include customs clearance, outsourced transport
- Government retains ownership and operation of their central warehouses

Contractor-owned, contractor operated (full outsource)

- An advanced, commercially accepted approach
- Government not longer invests in logistics assets, including central warehouses
- Requires mature local private sector logistics market and infrastructure
- Government transition to stewards of the supply chain

4 Contact information

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