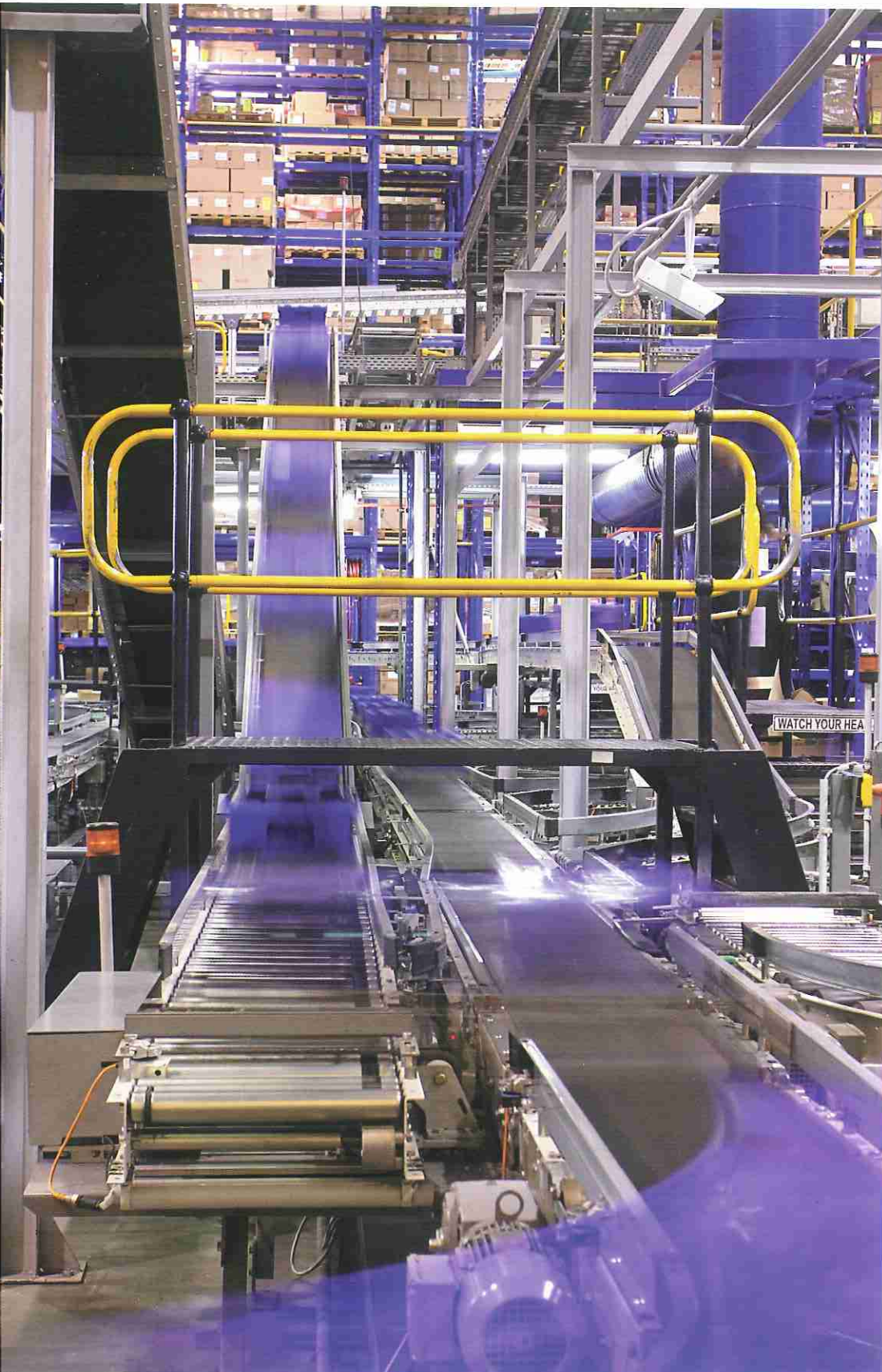


In the **Nick** of Time



If you consider the sums of money involved in developing certain specialised drugs, it is readily apparent that only the very large, financially-robust drug manufacturers are capable of their development. And yet the end-user remains the individual. The challenge is to ensure that these myriad drug types from various manufacturers reach millions of assigned patients when needed, at an affordable price.

Supply Chain Today" speaks to UTi Pharma, a giant in the field of drug distribution, about its supply chain.

A transport capacity extending over 2 500 vehicles delivering throughout the region

Robin Botha, Chief Operating Officer for the distributor explains, "UTi Pharma doesn't make medicine but its systems, technology, a global and local web of Pharma grade warehouse facilities, fleet of vehicles, and passionate people make sure that patients always get the original quality medicine they need, when and where they need it.

"We're the leading distributor of pharmaceuticals in South Africa, and are owned by a partnership between UTi Worldwide and Kagiso Ventures Limited, our black empowerment partner," Robin explains.



To move tons of medical supplies to numerous destinations every day, UTi Pharma has distribution centres in all the major centres

Rationalisation

The company had its beginnings in 1993 when four manufacturers, Bayer, Boehringer, Ciba-Geigy and Roche, formed International Healthcare Distributors. This organisation was acquired by UTi in 2004. Today, it distributes under the UTi Pharma brand for most of the leading Pharma companies including Abbott, Bayer, Boehringer, BMS, Lilly, MSD, Novartis, Pfizer, Roche, Sanofi-aventis, Schering-Plough, Wyeth and many more including diagnostic and veterinary companies or divisions.

Distributes on a next day delivery promise to approximately 10 500 delivery points

Directly involved

For 2009, the total distributed value that UTi Pharma shipped in Southern Africa on behalf of its clients amounted to R15.3 billion. This was for a total 131 million units picked, packed and delivered. This was executed with a total staff of 1 100 (inclusive of administrative, operational and distribution people) 800 of whom are directly involved in the supply chain.

“Currently, we distribute over 14 000 stock keeping units (SKUs), split between traditional Pharma, FMCG and Diagnostics. The Diagnostic business alone accounts for 9 000 SKU’s,” continues Rob.

The geographical challenge

The challenge is to physically distribute these products throughout South Africa as well as Botswana, Lesotho, Namibia and Swaziland. Then there is the regular distribution on behalf of manufacturers into other countries in the sub-Saharan Africa region which accounts for 10% of total turnover.

“We distribute on a next day delivery promise to approximately 10 500 delivery points with an average of 6 800 being touched by UTi Pharma per day,” explains Rob.

To move tons of medical supplies to numerous destinations every day, UTi Pharma has distribution centres in all the major centres – Gauteng, Cape Town, Durban and Port Elizabeth. It is responsible for the distribution requirements planning of all its manufacturers’ products, ensuring that each region has the right amount of product to service its customers effectively. Over and above the distribution centres, the company also operates six hubs in outlying areas to facilitate their reach through South Africa.

2 500 vehicle capacity

The company’s specialised fleet does over 80% of deliveries direct to customers. The UTi Pharma fleet is dedicated to pharmaceutical and healthcare related products only. The fleet comprises 150 dedicated UTi Pharma vehicles but the company

has access to the total UTi Africa distribution network with a transport capacity extending over 2 500 vehicles delivering throughout the region.

Specialised storage environments

UTi Pharma's five custom-built facilities in South Africa are all licensed pharmaceutical facilities, with temperature-controlled and, in some cases, humidity controlled environments. The company's cold chain capability continues to receive the utmost attention. UTi Pharma has only fully-validated cold chain distribution processes in place.

The reverse side of the coin is that pharmaceuticals generally have three to five year expiry dates. To reduce the risk of product expiry, the company operates on a First Expiry, First Out (FEFO) basis. However, in the diagnostic arena, expiry dates are dramatically shorter, often only spanning a couple of days or weeks. It is therefore critical that these products are monitored closely and on time and precise delivery is essential.

UTi Pharma is also responsible for the reverse logistics needed for expired product. This is in line with the manufacturers' product. Expired product is then disposed of using an outsourced, environmentally-approved incinerator company.

Pharmaceutical quality assurance

Tied in with UTi Pharma's supply chain management, there has to be a strong element of safety and quality assurance.

"Quality assurance is the biggest element within a pharmaceutical warehousing and distribution environment," says Rob. "We have a dedicated SHEQ – Safety, Health, Environment and Quality department consisting of over 30 people. This department is responsible for ensuring that we comply with all local regulatory requirements, as well as any other requirements that may be relevant to our manufacturers. The quality of the product leaving our warehouses needs to be the same as that of the product that leaves the original manufacturer. This is managed through an electronic Standard Operating Procedure application which houses our over 2 500 processes.

Rigorous requirements

"The number of temperature sensitive products in the market is increasing and certain product categories, particularly diagnostics, have a very large proportion of these types of products. We currently have products that need to be stored and transported at either 2-8 degrees or below -20 degrees." This is a very challenging environment, but one that we pride ourselves on having mastered. Adds Robin, "We have numerous shipping solutions to accommodate these rigorous requirements, including our own internally-developed and validated cold chain packaging that ensures over 72 hours at 2-8 degrees.



We distribute on a next day delivery promise to approximately 10 500 delivery points



"Over and above the actual delivery of the product, the storage conditions are validated and permanently monitored to ensure that they are operating at the required level. This is critical to the safety, efficacy and quality of the products entrusted to us. In order to achieve this it is imperative that redundancy is built into all systems."

Replace its ageing Gauteng facilities and consolidate operations from nine to two sites by the end of 2012

Asked what the future holds for this distribution giant, Rob concludes, "We need to be able meet the challenging environment ahead with confidence in the future. An immediate goal for UTi Pharma is to replace its ageing Gauteng facilities and consolidate operations from nine to two sites by the end of 2012."

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