

## Addressing the supply chain problems in the healthcare industry

13 May 2019 | Views | By Sandeep Sharma, CEO & Founder, Cogent Transware Solutions

### India is all set to become the biggest hub for world-class healthcare services



Recent is the time when the wave of health consciousness and awareness took place and catalyzed the healthcare industry to pull up the socks. The rise in income level, high risks of lifestyle diseases and easy accessibility of the life insurance plans have also made it a whole lot simpler for people to opt for regular health checkups and diagnostics, leading to the strong demands for affordable healthcare facilities all across the nation. With projects as influential as Ayushman Bharat and heavy capital investments in diagnostics and pharmaceutical sectors made in 2018, the growth of the healthcare industry is projected to reach \$280 billion by the end of 2020. Looking at the performance of the industry and the attractive and tremendous opportunities for both public and private healthcare delivery systems, India is all set to become the biggest hub for world-class healthcare services. However, they are largely dominated by some of the challenges, which might appear trivial at prima facie but are major roadblocks.

The GST regime, introduced two years back, had influenced the entire supply chain in the healthcare sector—from manufacturing to transportation and warehousing. The stringent regulatory frameworks with a lack of clarity and quality issues are also the existing concerns with which industry has to deal with. As the healthcare services, medicines, equipment, and other products are running high in demands in response to the therapeutic needs of the population, the hospitals, pharma companies, and diagnostic centres are in a pressure to attain operational and supply chain efficiency. But, it is the fragmented and underdeveloped supply chain infrastructure that results in poor supply chain efficiency. It's quite important to understand the fact that if the Indian healthcare industry is to grow and provide the population with the best health care, addressing the supply chain problems is paramount.

#### **Forecasting demands & supply with respect to changing demographics:**

As people are becoming more prone to lifestyle diseases such as cancers and cardiovascular ailments, all the players in diverse sectors of the healthcare industry have to double their efforts and upgrade their services. This means that there is an increased demand for manufacturing plants, warehouses, newer technologies, and competent supply chain infrastructure for

pharma companies and manufacturers of medical devices and equipment. But, because a larger portion of the industry still relies on traditional statistical methods and limited IT tools to forecast the demands, and lacks the access to relevant data and customer insights, the supply chain is not planned in a way it should. Therefore, the wide-scale use of smart technologies and tools in planning the optimal supply chain is the need of the hour. There should always be the scope of having sufficient resources to meet the urgent or last-minute demands efficiently and effectively.

### **Varying regulatory frameworks:**

Indian pharmaceuticals market, the third-largest in terms of volume, has emerged as the hub for global manufacturing and research. Though the industry is growing at a CAGR of 22.4%, the post-market issues in the pharma industry are the roadblocks in maintaining a safe and swift growth ahead. The complaints, rejections, and returns of the products impact the product storage, handling, and warehousing while increasing the transportation costs. Factors such as the failure of cold storage at vendor sites or the non-compliance of necessary regulatory requirements bear an additional charge on manufacturers' part.

In case of exporting/importing the goods and material to/from multiple foreign countries, the quality compliance and regulatory policies, and export formalities are headed by different authorities and therefore, they differ across the export/import markets. From packaging to labeling, the material needs to be customized according to the varying guidelines and instructions, which not only increases the number of runs on the same goods and materials, but also the stock-keeping units. For dealing with such challenges, there should be specific governing bodies which not only keep a stringent check on quality but also maintains complete clarity and transparency across manufacturing practices and transportation. On the other hand, the production of pharmaceutical ingredients by local manufacturers should be backed up by appropriate initiatives.

### **Need for improved supply chain infrastructure:**

As weak and incompetent infrastructure has long been hindering the prospective growth of the Indian logistics industry, the healthcare sector has to walk an extra mile for preparing itself to handle the challenges such as poor road conditions, inadequate seaports and railways, and underutilized air means. Particularly in pharma, the lack of a robust cold chain network has widened the gap in the healthcare supply chain. The specialty products which have a definite lifespan such as drugs and medicines, or fragile equipment must be monitored across all the stages and phases of supply chain management so as to deliver it to the destination site on time.

But, the current infrastructure makes the product visibility and tracking oblivious for the companies as they are not able to get the complete details and assurance from the supply chain participants whether the products are stored or transported in required conditions or not. The products which were in the proper state at the time of shipping can get easily damaged before even reaching the destination site due to bad road condition or improper handling of the consignment, which can also make it riskier for the patients. Following the trail of the consumer goods industry, the healthcare sector should focus on building an efficient and transparent supply chain.

### **Lack of transparency and visibility:**

The supply chain in healthcare is complex because it calls for active participation and proper measures from each of the players involved at every stage to avoid causing any threat to the life of the patients. But, more the players are involved, lesser becomes the visibility and impossible becomes the traceability of the consignment as it moves across the supply chain network. There is a dire need of facilitating seamless communication between manufacturers, suppliers, distributors, and customers in the healthcare sector through the systematic supply chain management system. The latest technologies such as A.I., Blockchain, and IoT should be used to make relevant data and insights available for all the stakeholders in the industry so that each of them can improve on their services and processes. This step can have a greater impact on the industry's compelling growth as well as improved patient care.

**Sandeep Sharma, CEO & Founder, Cogent Transware Solutions**