

Procurement management will move away from emphasizing compliance to adopting a holistic strategy

27 September 2017 | Interviews

The pharmaceutical sector has a high level of sourcing & procurement maturity with respect to its direct spend.



Shrikant Bhilare, Procurement Manager, Senior Manager API purchase, Sun Pharma

How the procurement process has evolved over the years, especially in a pharmaceutical sector?

The procurement department has started gaining much more attention as companies look at more and more avenues for cost reduction & increasing efficiencies. This focus has been attained due to the fact that procurement accounts for about 50-60% of the total cost to pharmaceutical companies. The pharmaceutical sector has a high level of sourcing & procurement maturity with respect to its direct spend. Spend visibility and control over categories such as APIs, intermediates & excipients is high.

Which segment is getting more matured over the years?

The indirect spending area is gaining maturity as compared to the maturity levels in the automotive & retail sectors. The indirect spend in the pharmaceutical industry does constitute of categories such as facilities management, MRO, IT, R&D, freight & distribution, travel, marketing & sales, personnel and professional services etc. like many other industrial sectors. By 2025, procurement management will undergo a major shift, moving away from emphasizing compliance to adopting a more holistic strategy that includes total risk exposure, risk mitigation investments and risk transfer pricing.