

The Role of Pharmaceutical Full-line Wholesalers in Europe

The vital link in healthcare

GIRP, 'Groupement International de la Répartition Pharmaceutique' or 'European Association of Pharmaceutical Full-line Wholesalers', is the umbrella organisation of pharmaceutical full-line wholesalers in Europe. They are the central element in the healthcare supply chain, around which the legally required guaranteed availability of medicines via pharmacies to the general public revolves. GIRP and its members play a vital and value-adding role in the healthcare supply chain, by supplying about 170,000 retail pharmacies as well as other healthcare professionals (self-dispensing doctors, druggists, hospitals and veterinarians) with more than 100,000 products in a cost efficient and service intensive manner.

The continuity of supply and guaranteed availability of medicines are key necessities and therefore unique dynamics are required within the pharmaceutical market. Classic rules of supply and demand only apply in a limited sense to pharmaceuticals, as physicians, through prescribing products, are the key influencers of demand. Only a small number of products is required with a high degree of regularity (75% of medicines are dispensed only once per month). The vast range of medicines now available to treat a huge variety of conditions require wholesalers to stock an unusually high number of product lines. Ultimately, this ensures that even the most isolated patients can receive the most specialist medicines via their pharmacist in a safe and timely manner.

Therefore, the members of GIRP commit to:

- carry and distribute the complete assortment of products in range and depth within the frame set by the authorities and the market
- ensure product availability to patients within a matter of hours continuously
- create and maintain quality standards that ensure, above all, safety and integrity of the medicine when delivered to the retail pharmacists as well as other health care professionals
- fulfil a public service function

and thereby ultimately to ensure the vital link in the delivery of healthcare to citizens of the EU. Every European patient can be sure to receive the prescribed product, as patients' safety is our main concern. Pharmaceutical full-line wholesalers operate sophisticated recall and emergency procedures, in order to continuously guarantee patient safety.

Definition of pharmaceutical full-line wholesaling

"The activity of pharmaceutical full-line wholesaling consists of the purchase, warehousing, storage, order preparation and delivery of medicines. Pharmaceutical full-line wholesalers carry and distribute the complete assortment of products in range and depth within the framework set by the authorities and the market to meet the needs of those with whom they have normal business relations and deliver all medicines in their geographical area of activity on the same day/within less than 24 hours. Pharmaceutical full-line wholesalers provide working capital and extended financing services, funding of stock and receivables of pharmacies and health care professionals."

The significance of rapid availability of medicines is of paramount importance in today's world, where events such as sudden viral disease outbreaks require rapid responses. By holding stocks of vital medicines, full-line wholesalers ensure that manufacturers' supply problems in the event of an emergency do not

compromise a critical situation. Each GIRP member has a network of warehouses providing several daily and, in some cases, overnight deliveries to retail pharmacies, hospitals and other health care professionals. Members employ state-of-the-art information technology and physical infrastructure to undertake this service with a level of intensity, sophistication, quality and efficiency required by manufacturers, pharmacies, hospitals and government health authorities alike.

Pharmaceutical full-line wholesalers buy the medicines from the manufacturers and are the owner of the goods. Therefore, the stock which is held by the wholesalers reduces transportation costs and the size of stock necessary within the industry and for retailers. Furthermore, pharmaceutical full-line wholesalers carry the full financial risk on behalf of their clients. Due to the existing public service obligations, the ownership of goods is a responsibility of the pharmaceutical full-line wholesalers, as they must have sufficient stock on hold, must deliver on the same day/within less than 24 hours, must cover a certain geographic area and finally have to guarantee independence regarding customers and suppliers.

The funding and holding of buffer stocks and the resulting working capital, order-to-cash cycle and logistics ownership that goes with wholesaling services are vital to the effective and efficient functioning of the healthcare industry in Europe. Wholesale services can only be maintained in this way through significant and continuous infrastructural investment. The storage and delivery of pharmaceuticals within a framework that ensures above everything else safety, is also of crucial importance.

Pharmaceutical wholesalers believe it is critical that counterfeit medicines do not enter the supply chain and are committed to a zero tolerance towards counterfeited medicines. GIRP's members strongly support the close co-operation and collaboration between the members of the supply chain (from health authorities to manufacturers to full-line wholesalers and pharmacies), in order to win the fight against counterfeit products entering the legal, trusted supply chain. GIRP therefore has taken a leading role in the creation of the European Medicines Verification Organisation (EMVO).

In addition to carrying the full product range and ensuring continuity of the supply of medicines, GIRP members play a vital role as an information conduit and supplier to industry players. This information is not only a critical analysis tool for the industry, but plays a vital role in allowing wholesalers to efficiently carry out the withdrawal of a defective product from the market.

The concept of over 3,500 pharmaceutical manufacturers (and all manufacturers of other products available in pharmacies) working individually with over 170,000 retailers selling some 100.000 products would not work.¹ It would neither be sustainable for manufacturers, nor a core or value-adding range of activities for them to be involved in. Equally, for retailers and hospitals, there are massive efficiencies in dealing with very few suppliers operating on agreed terms.

Pharmaceutical full-line wholesalers operate under strict legal frameworks, such as the Community Code 2001/83/EC relating to medicinal products for human use as amended by Directive 2004/27/EC, where it reads in Article 81 (2) that appropriate and continued supplies of medicinal products to wholesalers shall be ensured, so that the needs of European citizens are covered and as further amended by Directive 2011/62/EU (Falsified Medicines Directive). Pharmaceutical full-line wholesalers also operate under the Good Distribution Practice Guidelines 2013/C 343/01, which ensure the safe and continuous supply of medicines to all citizens in Europe.

The role of pharmaceutical full-line wholesaling is much more than operating as suppliers to pharmacies, healthcare institutions and health care professionals. Pharmaceutical full-line wholesalers are an integral part of the medicines supply chain and hence the healthcare system as a whole.

Many services that full-line wholesalers provide to pharmaceutical manufacturers and pharmacists are invisible to the patient, but complement the distribution of medicines, such as documentation and scientific information, reverse logistics, systems for stock management, marketing support, pharmaceutical

¹ Study on "The European Pharmaceutical Wholesale Industry: Structure, Trends, and socio-economic Importance" by the Institute for Pharmaeconomic Research, Vienna, November 2005.

databases or IT management systems and monitoring. Full-line wholesalers therefore add value by undertaking services that are non-core to our supply chain partners, but that are of tremendous benefit, enabling them to focus on the patient.

Wholesalers have both the scope and the scale, in terms of product assortment and volume, to develop and deliver products and services for combination therapies involving pharmaceuticals and medical devices. Clients include pharmacists and manufacturers, but also patients (e.g. homecare delivery in accordance with national legal frameworks). Moreover, full-line wholesalers have the scope and the knowledge base to support pharmacists in developing various integrated care programmes to improve patient adherence to medication. Furthermore, wholesalers offer service such as mHealth and eHealth solutions, medication reminder systems (SMS, e-mail or telephone support for patients), medication reminder boxes, call centre assistance and many more.

Many other services have been added to pharmaceutical wholesaling, including customised patient care in order to meet the unique needs of individual patients. Examples comprise of the provision of self-diagnostics and customised drug delivery, monitoring and nursing services. Full-line wholesalers and pharmacists also work together in steering volume and assortment in an optimised way. Downstream activities include repackaging medicines into weekly doses to meet patients' needs in terms of controlled and timely intake and cost effectiveness. Logistics innovations can support compliance and therefore better health.

In summary, GIRP members create the vital link that ensures availability and continuity of the supply of all medicines and healthcare products to the citizens of Europe. Wholesaling, therefore, is the vital link in the effective delivery of healthcare in Europe.

GIRP

*European Association of Pharmaceutical Full-line Wholesalers
Brussels, August 2015*