

Tuesday, 9 June 2009 06:00 GMT

Wholesalers need to adapt to direct-to-pharmacy model - GIRP  
by Nick Smith at GIRP

ATHENS, June 9 (APM) - The direct-to-pharmacy drug delivery model is no longer an experiment, is here to stay, and wholesalers need to adapt their business model to reflect this reality, GIRP delegates have heard.

Addressing full-line wholesalers (who stock all available drugs) at their annual meeting in Athens, Adel Al-Saleh, president of IMS for Europe Middle East and Africa said on Monday that 42% of the UK market was "dominated by DTP and exclusive (supply) agreements - that is a fact".

In Germany, DTP, under which the wholesaler acts as a delivery agent for the drug company, had 18% of the market and it was in "the most protected brands where the margin is still ok".

Because of this wholesalers needed to diversify from just handling drugs and be "more aggressive" in seeking alternative business.

"That model needs to change... that model has not changed but now pharma is changing," Al-Saleh said.

Because of the metamorphosis pharma is undergoing, opportunities to add value and get paid for it are broad.

"Pharma is asking 'what things do I need to keep in house and what do I ask for (from outside supplier)'?"

He said an excellent opportunity existed for wholesalers to provide services around logistics and potentially patient compliance (for those which owned pharmacists or had the appropriate links with them).

ALREADY THINKING WIDELY

At a later press briefing GIRP president Rene Jenny and director general Monika Derecque-Pois, warned the erosion of the full-line wholesalers' income stream by DTP could not continue.

Under the "solidarity" model, wholesalers make very little money delivering cheaper drugs, especially generics, but this is covered by the higher profit margin on newer branded drugs - the drugs pharma is taking out of the traditional wholesaler market.

Jenny said it should be made clear that "without the solidarity base we will not be able to deliver generics".

Both said GIRP was continuing to seek legislation in EU member states outlining the "obligations" of full-line wholesalers which would in turn offer legal protection because of the

formalised "public duty".

Included in this GIRP is looking for member states to "ensure" that the delivery of drugs is "sustainably" funded.

Progress on this had been made recently in Germany, Jenny said.

While this lobbying would continue, Derecque-Pois denied there was a lack of innovative thinking by wholesalers. "All" of GIRP's larger members had stepped outside of wholesaling alone offering new income generating services, she said.

## MORE THAN MOVING BOXES

In the afternoon sessions, delegates heard wholesalers must do "more than moving boxes" leveraging their expertise to provide services to pharma companies looking to outsource.

Other logistics providers could move boxes but they did not have, for example, the intimate knowledge that pharmacy companies desired.

Delegates also heard schemes including wholesalers taking on complaint handling for pharma companies and running day care clinics.

However, delegates from some countries indicated in session and to APM that these wider models were better suited to some member states than others.

Stefan Oschmann, president of Europe Middle-East, Africa and Canada for Merck & Co said pharma was "very open to working with players in distribution finding ways to enhance co-operation and add value to healthcare".

Wholesalers could work with pharma to further reduce inventory levels and make the system more efficient, he said.

However, delegates also heard a warning from the platform that "value only exists if it's possible to invoice for it".