ZAELAB

Transforming Traditional Pharmaceutical Distribution with Commerce Innovation

In every B2B sector, error margins are small when it comes to winning in the market. But for the pharmaceutical industry, there's even more on the line: the health and well-being of patients.

Pharmaceutical distribution has long been a vital link between drug manufacturers and healthcare systems, facilitating the safe, efficient, and timely delivery of medicines to patients. When it's not broken, why fix it?

Traditional life sciences go-to-market models are comprised of two key factors: large sales teams and significant interaction with healthcare systems and doctors to gain product awareness and sales. Though this has historically been effective, the model raises challenges when it comes to providing access to healthcare providers and increasing the costs of this distribution model.

Keeping up with other industries in how pharmaceutical goes to market requires the direct-to-consumer disruption we're seeing in other sectors. To accomplish this, like many industries, pharmaceutical is adopting digital commerce to enable effective distribution — though life sciences organizations require additional and differentiated capabilities than most other types of organizations.

In this whitepaper, we'll discuss critical capabilities enabling pharmaceutical organizations to disrupt their markets through composable and headless architectures. We'll take a look at:

- Longstanding traditional pharmaceutical distribution models;
- Limitations to existing pharmaceutical go-to-market strategies;
- What's driving pharmaceutical go-to-market strategy shifts;
- How B2B commerce is revolutionizing pharmaceutical organizations;
- How pharmaceutical companies can embrace headless/composable commerce practices to bring innovation to the sector; and,
- Case studies that showcase pharmaceutical commerce innovation that effectively positioned organizations to win in the market.

Traditional Pharmaceutical Distribution Models

When we take a look at traditional pharmaceutical distribution models, we see a set process between several stakeholders: manufacturers, wholesalers, pharmacies, hospitals, and healthcare providers. The drug manufacturer supplies to wholesale distributors. Wholesale distributors distribute to pharmacies hospitals, and healthcare providers.

(Anyone else humming, *the hip bone's connected to the backbone*?)

In this model, there are clear roles and responsibilities for the various stakeholders. Manufacturers focus on drug research, development, and production, whereas wholesale distributors handle logistics and supply. Does this model accomplish basic supply chain objectives? Yes. Are there limitations? Also yes.

Traditional pharmaceutical distribution models are black and white when the reality is that today's evolving landscape is multi-color. This traditional model poses several inefficiencies:

Lack of Transparency
Multiple intermediaries inhibit transparency in pricing, availability, and supply chain tracking.

Limited Direct Interaction
Manufacturers and end-customers are indirectly connected, resulting in slower response to market changes and less awareness of customer needs.

High Costs
Maintaining large sales teams, interacting with healthcare systems, and managing complex drug distribution logistics are expensive costs often absorbed by healthcare providers and patients.

Accessibility
Rural or remote regions lack the resources required to maintain distribution networks.

The evolving healthcare landscape and the onset of new technologies bring these limitations to the forefront and prompt the need to rethink distribution models by exploring more efficient, effective ways to bring life sciences products to market.

CASE STUDY

Pharmaceutical B2B Transformation: Leading Pharmaceutical Company Adopts B2B Commerce Platform

A globally recognized pharmaceutical company implemented a B2B eCommerce platform to streamline its sales process and improve customer satisfaction.

By automating order processing, the company eliminated manual errors and increased operational efficiency. Through the platform, customers could view real-time inventory and order status, leading to increased customer satisfaction. The company reduced overhead costs associated with traditional sales processes, which contributed to an increase in its bottom line.

Disrupting the Pharmaceutical Industry Distribution Model

Relying on extensive sales teams' direct interactions with healthcare systems is increasingly inefficient, outdated, and so far removed from user expectations. In traditional distribution models, sales and marketing strategies require salaries for large sales teams, travel budgets, marketing materials and more. Streamlining operations, cutting costs, and enhancing service in life sciences require the disruption we're seeing more broadly across other sectors.

From a demand perspective, though the life sciences industry seems currently caught in the wake of other sectors' innovation, there are many aspects that make pharmaceutical companies primed for disruption.

Demand

More than ever exists a growing demand for personalized healthcare and patient-centric go-to-market models.

Accessibility

Healthcare providers' direct access to product education and promotion can alleviate restrictions and cut through clutter.

Modern Technologies

AI, ML, and advanced analytics can streamline and enhance pharmaceutical distribution with more precise forecasting and inventory management. Digital commerce platforms can facilitate direct engagement between all stakeholders, improving service delivery and customer satisfaction.

CASE STUDY

Pharmaceutical B2B Transformation: Modernizing Pharmaceutical Distribution with B2B Commerce

A regional pharmaceutical distributor adopted a B2B eCommerce solution to expand their market reach and streamline their supply chain.

The company reached a larger customer base, including healthcare providers in remote areas. With real-time visibility into inventory, the distributor was able to optimize stock levels and reduce waste. Through personalized product recommendations and automated order confirmations, the distributor improved the customer experience and built stronger relationships with their clients.

Pharmaceutical Distribution & B2B Digital Commerce Evolution

When we think B2B digital commerce, we think commercial goods and services. What we may not think is prescription drugs and vaccines. But why not? Digital commerce marries the demand, accessibility, and availability of pharmaceuticals across all its stakeholders.

B2B digital commerce platforms are the gateway to increased transparency in the industry. With turnkey and accessible means to understand pricing, product availability, and order status, these platforms are the catalyst for improved trust and relationships between manufacturers, distributors, systems, providers, and end-users. It also provides direct interaction with customers: pharmaceutical companies can engage directly with stakeholders to better understand customer needs, respond to demand, and deliver personalized experiences. Lastly, by automating many of these sales and distribution processes, operational costs are reduced providing savings for pharma companies across personnel, orders, inventory, and demand.

The benefits behind the marriage of B2B ecommerce and pharmaceutical distribution are multifold:

Streamlined Operations
Ecommerce platforms automate manual processes associated with order processing, inventory management, and invoicing, resulting in more efficient operations.

Enhanced Customer Service
With features like real-time inventory visibility, automatic order confirmation, and tracking, and personalized product recommendations, ecommerce platforms enhance the customer experience.

Expanded Reach
Ecommerce enables pharmaceutical companies to reach a broader customer base, including healthcare providers in remote or underserved areas.

Data-Driven Insights
Ecommerce platforms provide data on customer behavior, product performance, and market trends, enabling pharmaceutical companies to make more informed strategic decisions.

With ecommerce platforms providing the significant potential to revolutionize pharmaceutical distribution, more efficient, customer-centric models better cater to the changing healthcare sector demands.

Technology Infrastructure, Key Capabilities and Architectures

Pharmaceutical companies transitioning from traditional distribution models to digital platforms must adopt specific capabilities and architecture. These include a robust technological infrastructure, integrated business systems, and a focus on data security and compliance.

First and foremost, pharma companies will require a robust commerce engine. Platforms should offer robust capabilities tailored to B2B transactions, including bulk ordering, contract pricing, and customer-specific catalogs. The platform should be scalable and flexible to adapt to changing business needs.

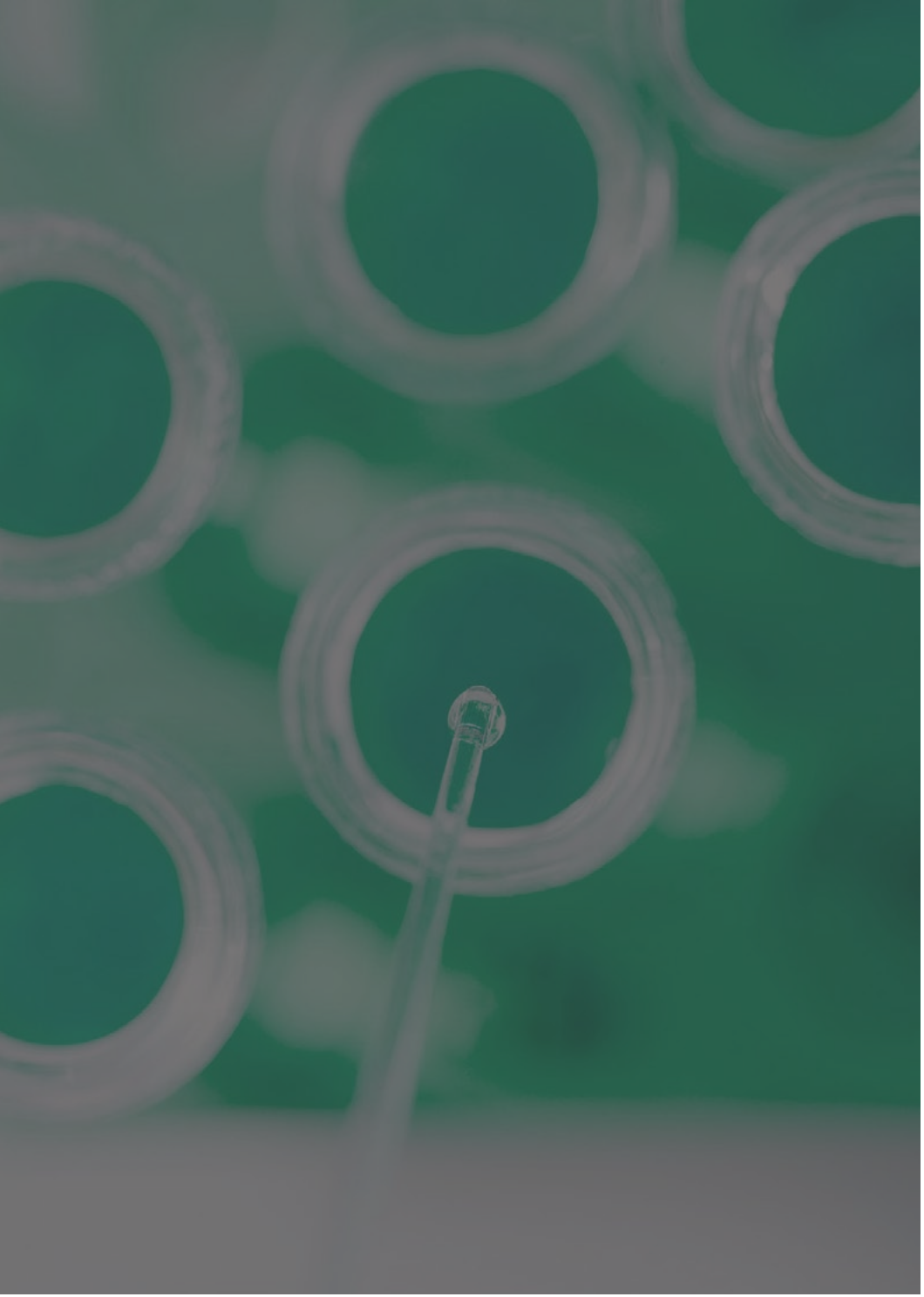
Moreover, it must integrate with existing systems. Seamless integration with existing ERP, CRM, and supply chain management systems are pivotal to ensuring data consistency.

In selecting a commerce platform, today, all B2B companies are presented with a decision to make regarding the technology's architecture. Composable or headless architectures, where the front-end and back-end systems are decoupled, boast flexibility and speed in implementing changes. This allows pharmaceutical companies to iterate quickly, implement changes, and stay ahead in the rapidly evolving digital landscape.

Composable architectures allow pharmaceutical businesses to select the best technology for each part of their ecommerce solution. This gives companies the flexibility to upgrade or change individual components without disrupting the entire system. Decoupling the front-end and back-end systems means that changes can be made to one without affecting the other, powering faster updates and improvements.

Pharmaceutical companies must adhere to stringent regulations regarding data security and patient privacy. Ecommerce solutions should have robust security measures in place, including encryption, secure data storage, and strong access controls. Moreover, it must comply with regulations such as HIPAA and GDPR, which govern the use and protection of personal health information.

Implementing a successful B2B ecommerce platform for pharmaceutical requires careful selection and implementation of technology infrastructure, a flexible and efficient architectural approach, and a strong focus on data security and compliance.



The future of pharmaceutical distribution lies in an innovative blend of technology, strategy, and customer-centricity. As pharmaceutical companies continue to navigate this complex landscape, the willingness to disrupt traditional models and embrace innovation will be key to driving success.

Zaelab is the premier B2B commerce consultancy. Talk to us about how your pharmaceutical organization can evolve its distribution methods by employing digital methods to streamline operations and enhance its experiences and touchpoints.

www.zaelab.com

ZAELAB