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AmerisourceBergen: Time For A Unified Approach to Specialty Services

by **Andrea Charles**

Leading up to ThinkLive 2017, AmerisourceBergen's annual manufacturer summit, Pharma intelligence spoke with Bob Mauch, AmerisourceBergen's Group President of Pharmaceutical Distribution and Strategic Global Sourcing, about the company's new operating model and its unified approach to specialty services. In June, AmerisourceBergen announced this new structure, which further aligns the organization to its customers' needs.

Thought Leadership In Association with AmerisourceBergen

Q What was the rationale for bringing distribution and specialty care solutions under one group and what value does it bring to both your upstream and downstream customers?

A In an ever-changing healthcare landscape, it is important that we are aligned to all our customers' dynamic and personalized needs. We have a long history of delivering successful services to providers, practices, health systems and pharmacies. As the market continues to change, we have noticed that many of those sites of care are beginning to consolidate. For example, more and more health systems are offering community-type settings and outpatient pharmacies.

We used to think about the healthcare world in very discrete customer segments. For example, some of our specialty solutions were very focused on a community oncology physician office orientation. Separately, we also had independent offerings for retail pharmacy, hospitals and health systems. And while this still works in many cases, the

reality of the situation is that these segments are consolidating more and more, due to reimbursement changes in the healthcare system.

It is important to note that [AmerisourceBergen](#) has always been – and continues to be – a leader in specialty product distribution. As part of our organizational transformation, we had the opportunity to bring together our specialty distribution and full-line distribution in a more seamless and integrated way to deliver a better customer experience, both for downstream customers, the providers, and for the upstream customers, the manufacturers. Amidst all of the change and added pressures we can sometimes all feel in the industry, we know this new operating model will allow customers more time to be focused on growing their businesses and enhancing care for patients.

Q What are some of the investments that you are making on the distribution side and how does that benefit your downstream customers?

A We have been working for several years to make sure that we have a state-of-the-art distribution network, in terms of our physical facilities and the technology that drives the automation and efficiency within those distribution centers. Over the past few years we have designed, built and put online seven new state-of-the-art, highly automated distribution centers, which have helped our downstream customers in two ways:

One, it makes us more efficient; we always had the value proposition of being the most efficient company in our industry and it has helped us significantly from a business continuity standpoint. When you think about all the natural disaster and other weather-related issues that have occurred in the last couple of months, you can see the need for a company like ours to be able to service customers from multiple sites. To give a real-time example of a business continuity issue that we dealt with in the last couple of months, we have a distribution center in Houston that was taken offline due to Hurricane Harvey. In that case, we moved our volume of orders to our Dallas distribution center and delivered those orders into the Houston market as soon as we could access the customer and patient site.

If any of our big distribution centers are impacted, we can move the volume to another distribution center within an hour or so to ensure that patient care is not disrupted.

Secondly, our enhanced distribution network also offers state-of-the-art technology systems, so that our customer ordering is more robust, and so that we can accommodate increased volume. We recently developed a completely new and advanced, e-commerce platform for our customers called ABC Order. For a long time, our customers were ordering online, but what we have now is a more integrated consumer-like experience.

When we went to upgrade our ordering platform, we went out into the market and looked at the best products that were being used for consumer-facing, e-commerce ordering platforms and we chose one of those. Our goal was to make our customer ordering, whether that is in an independent community pharmacy or a health system, as easy and intuitive as if you are at home ordering your running shoes at night. We have rolled this new system out to our independent community pharmacy customers and have received really positive feedback.



BOB MAUCH, GROUP PRESIDENT, PHARMACEUTICAL DISTRIBUTION AND STRATEGIC GLOBAL SOURCING,
AMERISOURCEBERGEN

Q What do you see as the major trends that will impact global sourcing and what is AmerisourceBergen doing to respond to these?

A Everyone is trying to find the best pathway to treat the most people – to expand access to healthcare and do it in the most cost-effective or efficient way possible. Providers are being asked to do more with less, which is driving efficiency measures. We in turn need to become more efficient, so we can be a better partner for our customers. Our patient-centric approach and strategic investments in technology and innovation based on customer needs allows us to deliver the best and most consistent customer experience. Reimbursement pressures are also creating consolidation, as healthcare businesses and healthcare providers, strive for greater efficiency. Our business is oriented around helping each of those types of businesses, whether it is a single community pharmacy, community hospital, oncology practice, large integrated healthcare system, or a large pharmacy chain. We have services and solutions to

support each business and can tailor our efforts to meet their specific, individualized needs for today and in the future.

Q How does AmerisourceBergen continue to emphasize specialty and support providers and patients in this space?

A By bringing our specialty distribution and full-line distribution assets together, we are now in a better position to leverage our world-class distribution services to benefit our customers.

Specialty product growth is the fastest growing category in any segment, and we want to make sure that we are aligned for all our customers and their growth. The main thing that we want to make sure people understand is that our realignment emphasizes AmerisourceBergen's commitment to support specialty care solutions and specialty pharmaceuticals. We are not moving away from specialty, we are bringing all of our resources in AmerisourceBergen to support the growth of specialty products in the marketplace.

Q What are some of the biggest challenges in ensuring alignment within these two parts of your business? How does or can this ultimately impact patients?

A I think the biggest short-term challenge we face is making sure that we bring people and processes together in a way that does not disrupt what customers were used to. We want to make sure that our customers understand and experience the ways in which we're adding value to their businesses. The new, integrated and seamless AmerisourceBergen will be easier to work with. During a transition, it can be a bit challenging because you not only have change management within your associate base, but you also have change management with your customers. We have significant resources aligned to those two areas in order to make sure we do it well.

Q Why is this business evolution important to growing your relationships with pharmaceutical manufacturers?

A There is pressure on the pharmaceutical industry in general to demonstrate the value of the products that they bring to market. This is also increasing consolidation within

the pharmaceutical industry, and a demand for improved efficiency and customer experience. As the market leader, it is incumbent upon us as an organization to elevate our position and be intently focused on the value we provide to manufacturers. It is with this mind-set that we have evolved at AmerisourceBergen to provide best-in-class solutions aligned with our customers' changing needs. By leveraging our collective reach, we can broaden and deepen our partnerships with manufacturers beyond the scope of a traditional wholesaler or commercialization solution provider. Our evolved operating model enables pharmaceutical manufacturers to experience one integrated approach, which will help to maximise commercialization of their product in the most efficient way possible. We believe this will have the greatest opportunity for patient access, outcomes and for reaching commercial goals.

We recognize the promise of the specialty pipeline and understand that new, highly valuable, specialty therapies demand a commercialization partner that can evolve and adapt at the pace of product innovation.

Q What your future vision for specialty drugs in the next two years and what would you like to have achieved?

A Every day, we strive to deliver value beyond what our customers have come to expect. One of the most exciting aspects of our recent transformation is how our realignment sets us up to continue providing service beyond the scope of a typical wholesaler. Having full-line and specialty distribution capabilities under one group allows us to better leverage our world-class distribution services to benefit our downstream customers and vice versa.

Specialty is a growing market and we want to support manufacturers, providers and patients. Specialty product distribution is the core of AmerisourceBergen. As the largest distributor of specialty products with the largest collection of specialty physician networks in the country - spanning oncology, rheumatology, nephrology

and other areas – this is more than just an important business area for us. Ensuring patient access to specialty medications is an unwavering commitment. We recognize the promise of the specialty pipeline and understand that new, highly valuable, specialty therapies demand a commercialization partner that can evolve and adapt at the pace of product innovation. Our solutions have been at the forefront of nearly every single biologic and specialty pharmaceutical product that has entered the market over the last 20 years, and we’re ready to apply that expertise to the next generation of ground breaking medical innovation.

At the end of two years, I expect that we will continue to be the preferred choice to bring specialty products to market. And I would expect that we are collaborating with our partners throughout the supply chain to ensure we are innovating to support them in the future.

About AmerisourceBergen

AmerisourceBergen provides pharmaceutical products, value-driving services and business solutions that improve access to care. Tens of thousands of healthcare providers, veterinary practices and livestock producers trust us as their partner in the pharmaceutical supply chain. Global manufacturers depend on us for services that drive commercial success for their products. Through our daily work—and powered by our 20,000 associates—we are united in our responsibility to create healthier futures. AmerisourceBergen is ranked #11 on the Fortune 500, with more than \$145 billion in annual revenue. The company is headquartered in Valley Forge, Pa. and has a presence in 50+ countries. Learn more at [amerisourcebergen.com](https://www.amerisourcebergen.com).