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Building reliability in healthcare supply chains

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Logistics sector leaders are set up to help healthcare providers smooth the pain points in supply chain management in an uncertain world



At the start of this year, the new, more transmissible Omicron variant presented a fresh yet familiar set of challenges to global healthcare supply chains within which Asia plays an increasingly pivotal role. The need for robust and reliable supply chains remains and the difference between intelligent inventory management and inventory shortages is a fine one. The outcomes of both impact healthcare workers and their patients.

Staying cost-effective with end-to-end logistics solutions

The Omicron variant sparked an additional unpredicted uptick in demand for medical goods and services across the globe. This again put strain on many public and private healthcare administrators to manage inventory levels at their facilities while, at the same time, drug manufacturers and research centres needed to ensure they have enough raw materials to continue clinical trials and medicine production.

Furthermore, with the easing of pandemic-related fiscal stimulus against the backdrop of global supply chain constraints, healthcare providers have a rising concern that procurement costs of medical supplies will increase under the current inflationary macro-environment[1].

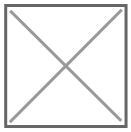
With supply chain bottlenecks expected to remain until 2023[2], healthcare providers need to eliminate delivery crunches and mitigate inflationary inventory costs to help maintain their services to their patients and customers. Efficient logistics can help tackle both challenges.

Logistics companies reliant on commercial airline capacity are sometimes challenged by the same vulnerabilities that healthcare providers face. To this end and by contrast, companies that operate their own global air cargo fleet are fully in the driver's seat. Logistics providers like FedEx have the necessary agility to respond to urgent needs for same-day or next-day delivery of essential medical supplies, flex capacity to circumvent potential bottlenecks, and provide contingent warehousing for temperature-sensitive vaccines, diagnostic reagents or test samples. For instance, FedEx has an extensive point-to-point distribution network and proprietary sensor-based tracking technology allowing near-real time tracking of every shipment throughout its journey. This, in turn, reduces the reliance on inventory stockpiling.

Asia's growing role in the global healthcare supply chain

Amid the rising demand for critical medical supplies and vaccines, the region's manufacturers have proven to be resilient[3]. According to the Organization for Economic Co-operation and Development (OECD), at the start of the pandemic, China manufactured approximately half of the world's face masks[4]. But other countries in the region – such as Vietnam, Malaysia and Thailand – are also important global producers and exporters of personal protective equipment, including gowns, hair covers and gloves.

The pandemic has also encouraged global vaccine makers to expand their production capabilities in Asia. German biotechnology company BioNTech has announced plans to build a vaccine factory in Singapore,[5] and U.S.-based vaccine maker Moderna is eyeing a $200 million investment to construct a manufacturing plant in Seoul.[6] International logistics providers will need to be ready when these facilities open. FedEx is well placed to support with its extensive network and more than twenty years of building its healthcare solutions and expertise.



To stay ahead of overall demand, FedEx made one of its most significant network expansions last year adding six new routes between Asia, the U.S. and E.U. markets allowing greater agility in handling cross-border shipments. Its Life Science Centres

(LSC) in Singapore, South Korea, and Japan also play an important role in providing inventory management solutions for various vaccine demand scenarios.

The LSCs offer large-scale temperature-controlled warehousing as well as domestic and international distribution for vaccines. Operations specialists at the centres coordinate warehousing, cold chain requirements and distribution needs helping to minimize clearance times, so that essential medicines and equipment can be delivered safely and on schedule.

Future supply chain enhancements through the power of data

It's clear that the global healthcare supply chains need to develop further to meet the demands as the pandemic evolves.

Sensor-based technology working in conjunction with artificial intelligence built into solutions like FedEx Surround demonstrate how the industry can continuously innovate to better protect the integrity of healthcare shipments and minimize wastage.

No one can predict when, where or if new COVID variants will emerge. But the logistics industry isn't waiting to find out but is going all in to build smart, efficient, and responsive networks for what's next in the healthcare industry.

To learn more about FedEx healthcare solutions, please visit https://fedexbusinessinsights.com/healthcare/.

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[1] https://www.healthleadersmedia.com/finance/rising-costs-dwindling-revenues-inflation-among-top-healthcare-challenges-2022

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