Value Chain Outreach – Pharmaceutical Sector

John A. Harris
Eli Lilly and Company
Product Value Chain

Definition – The interrelated activities that advance a product to the market and produces value at each stage of activity.

Primary Activities in the Pharmaceutical Industry Value Chain
(Performed either internally or externally)

- Discovery
- Development
- Production
- Distribution
- Marketing & Sales
- Customer Support

Support Functions

- Procurement
- Supply Chain

Sourcing materials and services

Logistics – material flow

Source of molecule
- Endangered resource
- Potent compound

Design for the Environment
- Green Chemistry
- Inherently safer design
- Chemicals of concern

Packaging
- Reduction
- Recycling
- Renewable material

Carriers
- Public warehouses
- Distributors
- Import/export

Customer sustainability
- Patient education
- Product compliance
- Literature

Product end-of-use
- Patient education
- Retail pharmacies

Identification of HSE/Sustainability Product Issues
Lilly Product Stewardship Objectives

• Identify the significant HSE issues associated with a product as it moves through the value chain to:
  • Minimize the environmental impact of producing our medicines
  • Meet customer and patient interests

• Assure the issues do not impact the ability to bring the product to market and to sustain its acceptance

• Implement programs or actions that enhance the product’s position and providing a competitive position
Emerging Issues

- Identifying issues that have potential impact on products
- Issues vary across a business’ value chain and benefit by working with business partners
- Hazard versus risk common challenge

**Examples**
- Chemical management
- Pharmaceuticals in the Environment
- Sharps management
- Medical waste
Procurement

• Language in contracts affirms suppliers of materials and packaging are in compliance with global chemical management requirements

• Leverage supplier relationship to develop discussions and selection of materials and services supporting:
  – HSE and sustainability goals
  – Compliance obligations
  – Customer expectations
Product and Packaging Development

• Understand the HSE issues that should be considered in new products
  – Design for the Environment
  – Understand the customer and patients needs

• Developing cross-functional decision process for assessing changes in packaging based on:
  – Customer interests
  – Marketing objectives
  – Sustainability factors through Life Cycle Analysis
  – Improve logistics in supply chain

Examples
  – Packaging – reduction, material selection, ergonomics
  – Product design – material content
Marketing and Sales

- Establish an understanding of the customers (hospitals, patients, retail pharmacies, distributors) issues
  - Marketing
  - Packaging
  - Patient assistance and education
  - Communication of product life-cycle analysis to customers
  - End-of-use management

- Develop a competitive advantage
  - Enhance brand for both Lilly and the customer
  - Reduce costs to market (COPS)
  - Increase sales through greater product acceptance
  - Understanding for new product development and use
  - Advance sustainability with business partners
Summary

- Product stewardship requires engagement of many functions within a company.
- Focus must be on the customer use of the product.
- Engage business stakeholders across the value chain for effective and more efficient customer support.
- Product stewardship is more business driven versus regulatory compliance.
- Common challenge is communicating risk over hazard.