LIFE SCIENCES

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# 2015 Wholesale Trends

The Wholesale Industry continues to transform, and companies focused on Life Sciences will face unique challenges in 2015. As specialty drugs gain traction and generics reign, Wholesalers will be forced to optimize their product portfolio. Partnering across the value chain will help to preserve negotiating power and margins. Serialization regulation has already had an impact, but companies who stay ahead of the curve could experience operational and market share benefits. Last, direct-to-consumer sales models could threaten the traditional Wholesale Industry altogether.

## 01 MANAGING YOUR CHANGING PORTFOLIO

The drug portfolio is changing. About 80% of prescriptions filled in the U.S. are now generics. By 2020,a predicted 9 out of 10 best drugs by revenue will be specialty drugs.[1]

Generics will continue to prosper, so Wholesalers will need strong partnerships with generic manufacturers to maintain a consistent, profitable business.

Specialty drug manufacturers are progressively partnering with specialty distributors and pharmacies. Focusing on adding value to these manufacturers will allow Wholesalers to maintain strength in the industry.

Finding the right product portfolio-balance to ensure long-term sustainable margins should be a primary focus for Wholesalers.

## 02 MERGERS & ACQUISITIONS

There is no indication of a decline in the partnerships, mergers and acquisition activity in 2015 for Wholesalers. Thus, companies should seek operational improvements and partnerships throughout their value chain to sustain their power.

As retail chains consolidate and increase their purchasing power, Wholesalers should continue to improve their value-added services to justify margins.

Additionally, enhanced value-added services could help Wholesalers attract their customers to become buying partners, similar to the recent McKesson, Celesio, and Rite-Aid alliance. This approach not only mitigates the increased purchasing power of consolidating customers, but potentially flips the power towards Wholesalers.

## 03 DIRECT DISRUPTORS

A movement towards servicing customers directly will continue to disrupt the Wholesale Industry in 2015.

By merging their existing business model with direct-to-consumer (DTC) services, Wholesalers stand to gain many advantages such as increased sales, pricing control, and improved proximity to patients.

Furthermore, DTC services will allow Wholesalers to fend against mail-order pharmacies as drug plans increasingly incentivize consumers to attain prescriptions from these disruptors.[2]

In order to achieve these benefits, Wholesalers must also ensure their processes and technologies have the ability to enable this growth channel.

## 04 | SERIALIZATION

Unit level serialization regulations will soon call for wholesale distributors to employ capabilities for tracking all transfers of ownership for pharmaceutical products.

To remain compliant, Wholesalers will be asked to house and maintain immense amounts of data on pharmaceutical products. Thus, Wholesalers should begin establishing processes and technology now; pilot programs are encouraged.

Wholesale distributors who engage their pharmaceutical manufacturing partners now will not only be ahead of the regulatory curve, but will also benefit from enhancements to data management and analytics. They will also be positioned to lure manufacturers away from other wholesale partners, as well as maintain their current portfolio of clients.

### Interested in Reading More?

- Wholesale Distribution Industry Outlook
- H. D. Smith's Global Business Transformation
- United States Drug Supply Chain Security Act (DSCSA)

Look for more detailed insights on these four trends over the course of 2015.

### References


1 2014 Market Leaders: Top Pharmaceuticals Distributors

2 Unnecessary Regulations that Increase Prescription Drug Costs



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