

Can Your 3PL Partner Grow with You?

Five Questions to Ask

With new 3PL providers emerging every day, pharma is faced with an influx of so-called logistics and distribution experts. It can be difficult to determine which type of provider will serve your needs best or choose the one that's right for your product. But the implications of making the wrong choice include knowledge gaps that can lead to compromised product integrity and affect patient safety and product reach, as well as process shortcomings that can jeopardize your customer relationships and brand reputation — a particularly important consideration for manufacturers during their first product launches.

Over the next few weeks, we'll explore the five questions manufacturers should ask to uncover whether your 3PL provider is the right choice for your business, now and in the future.

Question 2: What are your business goals?

WHEN 3PL PROVIDERS LINE UP TO WIN YOUR BUSINESS, your goals quickly become their goals. Solutions are offered up to meet any needs you mention — sometimes even when the solution does not currently exist.

Wise manufacturers dig deeper. They go beyond even the guidance offered by their advisors and consultants because they know that their specialty 3PL partner will ultimately serve as an extension of their business. And as that extension, the 3PL partner must be able to execute immediately, scale with the manufacturer's business and grow to accommodate long-term goals.

Selecting a partner that has this flexibility allows you to avoid the time and expense of switching 3PL companies as your

product line, business model or distribution strategy evolves. It allows you to minimize your long-term supply chain risk and focus instead on building your business, expanding the reach of your current products or diversifying your product line.

Based on our experience working with dozens of manufacturers over the course of more than 15 years in the specialty 3PL space, ICS recommends that you examine any 3PL partner through the lens of your short-term and long-term business goals. Doing so can ensure a right-fit from the start — and create a clear path for enduring success.

So what might that look like?

▪ **Product Launch & Short-term Impact:** Your immediate goals might be to launch your product in an accelerated timeframe, and you may have concerns that state licensure requirements will delay the process. Or you may place great priority around removing as much AR risk as possible — even on a temporary basis — to create a more predictable cash flow scenario. Or you may need a turnkey solution to address distribution, reimbursement support and clinical services. Your 3PL provider's ability to handle situations like these can demonstrate its ability to serve as a business partner, not just a logistics vendor. Pick-pack-and-ship will always be the core of any supply chain partner, but more and more, the function of distribution and the metrics behind it (like order accuracy) are table stakes in a much larger game. Innovative 3PL providers see opportunity to support your launch processes by solving real business issues — whether that's speeding time to market and enhancing cash flow through a title model program or delivering an integrated commercialization offering.

▪ **Product Growth, Company Growth and Mid-term Support:** How will your 3PL partner adapt as your company grows? In some areas, this might mean more support from your partner — more order volume processed or different types of customers served (specialty distributors, specialty pharmacies, health systems, specialty providers). Consider your partner's experience in handling these changes over time. For example, a 3PL provider's expertise in transitioning from a single-channel distribution strategy — like specialty pharmacies — to a multi-channel one that also includes health systems and specialty providers can make a substantial difference in how quickly your product becomes available to your target markets.

Think, too, about the diversity of your product line. Companies that could grow from a single, cold-chain product to a mix of ambient, cold-chain and deep frozen products would be well served to select a 3PL provider that can handle products across the range of storage and transport conditions. Otherwise, they face situations where some of their products are processed through one 3PL provider and other products through another. That presents an unnecessary challenge on many fronts — from data aggregation to supply chain strategy to sales and product management.

▪ **Long-term Vision:** It's a global healthcare market — what are your aspirations beyond the U.S.? If you don't have a clear answer or can't envision a path that takes your company to foreign markets (other than out-licensing your product to a larger manufacturer), perhaps your 3PL partner can help. Increasingly, supply chain partners are helping clients broaden their horizons. Whether it's expansion into nearby markets, like Canada, or into emerging markets, like Brazil, even small and mid-size manufacturers are realizing that they can reach the millions of potential patients outside the United States if they have the right 3PL and commercialization partners in place.

True, enduring success stems from a long-term, scalable partnership with a 3PL provider whose services drive you toward your strategic distribution goals. The first steps for any manufacturer are identifying what those goals are — and then making sure they synch up with the 3PL partner's expertise and core competencies. In part three of our five-part series, we'll explore in greater detail how product profile impacts 3PL selection.