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Earlier this month it was confirmed that the name 'Amazon Pharmacy' is a registered status in the UK. This news follows the disruptor's successful launch into pharmaceuticals and healthcare in the US and its application for 'Amazon Pharmacy' trademarks in the UK and EU last year.

Whilst this presents a huge risk to UK and EU pharmacies, whether it presents a threat or an opportunity for pharmaceutical manufacturers depends on the role they play in the sector and what type of organisation they are. The pharmaceutical sector is a broad term that covers large pharmaceutical organisations that discover, develop, manufacture and distribute their own products; organisations that develop, manufacture and distribute generic copies of these original drugs at much cheaper prices and organisations that do not discover or develop but make their margin on buying and packaging drugs that they don't make.

The organisations that only carry out the packaging and distributing of drugs would be hugely exposed to the entry of Amazon that already has these capabilities. Their margins being small and their reach being limited make ideal fodder for the Amazon machine. When Jeff Bezos said, "Your margin is my opportunity," these are the organisations he was referring to. With the entry of Amazon to the sector they could end up commoditised by an algorithm driven e-commerce model which would force them to compete on price in reverse auctions. The whole market for competing non-Amazon products could be stripped away overnight in a move which would be in line with Amazon's previous actions in areas such as electronics and office supplies.

The organisations that have some proprietary manufacturing knowledge will be more protected and may be able to deal through Amazon and benefit from growth as a result. They should be aware that this growth will come at a cost. With Amazon owning the relationship with the end consumer it would be able to exert tremendous pressure on the supplier to improve performance and reduce margins. Certainly, for over the counter and generic drugs it will be Amazon that decides whether to list a particular product and woe betide any organisation that does not meet the expected service levels and cost commitments. This pressure will increase exponentially if Amazon decides to acquire a generic manufacturer and distribute products under its own name.

The larger pharmaceutical organisations with strong margins and protection from intellectual property laws will better withstand this pressure, the smart ones will see this disruption as an opportunity and form partnerships with Amazon. This will initially be a marriage of convenience which could break down as big pharma fails to live up to the expectations of their colossal new partner.

So, is Amazon's arrival a threat or an opportunity? Ultimately it is both! The extent of the threat will depend on where each organisation is placed in the supply chain. The size of the opportunity for each organisation will depend on how well they live up to the exacting standards of the new 'Gorilla' in the supply chain.

Advice for smaller 'pack and distribute' organisations would be to backward integrate with smaller manufacturing organisations in order to increase their degree of control and influence in the supply chain.

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Finding a suitable manufacturing partner may prove difficult as any potential match would be exploring the opportunity of partnering directly with Amazon. The outlook for these organisations is not good. Failing to recognise this threat will be fatal.

For smaller manufacturers the advice would be, prepare to scale up now and partner directly with Amazon. The risks are high but so are the rewards. Scale-up fast, be bold, be first, enjoy the benefits. Failure to invest quickly enough will result in supply issues that will sour the relationship with Amazon. The smaller organisations with the biggest appetite for the risk stand to enjoy the biggest prize from this disruption. The cost of scaling up will usually be beyond the reach of these organisation but support from Private Equity may be the way to go. Doing nothing is not an option for these organisations.

Although large pharmaceutical organisations will stand to gain from this disruption, they will be the last to see it and the last to react due to their size and to a certain extent their arrogance. For these organisations our advice is to focus on agility and reliability. This will involve a fundamental rethink of how their supply chains are set up. Where do they carry inventory and where they do not? Which part of the supply chains are 'push' and which parts are 'pull?' Getting back to the basics of a well-designed and well-run supply chain will enable them to live up to Amazon's exacting standards and expectations. These organisations, protected by patents and healthy margins, have been notoriously slow to react to external events. Hiding behind the complexity of their large molecules or their extensive networks will no longer work. There will always be a protected group of products that are targeting acute and rare indications, but a large part of their portfolio is made up of products for chronic conditions requiring high performing supply chains. Diabetes; Hypertension; High Cholesterol or Chronic Heart Disease are conditions that require the patient to be supplied with a steady flow of drugs at a constant rate for the rest of their lives. Right up Amazon's street.

Amazon's arrival into the pharmaceutical market place will mark a new era for the sector and one that many will embrace. It is both an opportunity and a threat and cannot be ignored.