

# Flow

No. 1 - February 2017

## INBOUND VIEW

Quick and early  
overview of  
open inbound  
shipments

Modernisation of  
the Danish pharmacy  
sector

# PREPARING FOR THE NEW WAREHOUSE



# Are medicine prices suitable for competition-theoretical experimentation?

> By **Søren Vesti Esbensen**, Director, Nomeco HealthCare Logistics



We have been waiting for the report from the Danish Competition and Consumer Authority (DCCA) for a very long time. This report investigates the level of competition at the wholesale level, and on October 11, it was finally published. The conclusion of this extensive report is completely predictable: A lack of competition in medicine prices at the wholesale level results

in retail prices being too high. Hopefully further discussion of the report's 11 concrete recommendations, will take place on a more factual and balanced level, than was the case at the initial launch with its more or less erroneous messages about medicine prices.

Let there be no doubt that we at Nomeco disagree with most of the theses and conclusions in the report. We do not see any lack of competition at the wholesale level – competition has in fact never been more intense than it is now. Furthermore, we disagree with the conclusion that competition among wholesalers is of crucial importance to the price of prescription medicine.

The majority of the conclusions in the report are mere repetitions of the authorities' well-worn arguments for the full liberalisation of the pharmacy market. For example, maximum prices for medicine are suggested. From an industry point of view, this could be very interesting, but we do not know what the effects would be in the Danish market. But we do know, however, that there is no current political majority for breaking with the principle of equality for all in the health sector.

Generally, the recommendations in the report are based on competition theoretical assumptions or theses, which according to the DCCA would have a positive impact on the price level of prescription medicine in particular. At the same time, one could argue in the case of all of the suggestions, that the result would be the exact opposite – and actually lead to medicine prices increasing. Therefore, the recommendations in the report bear an eerie resemblance to a very extensive experiment.

Nomeco do not wish to play an active part in the price-setting of prescription medicine which would be a direct consequence of several of the suggestions in the report. We wish to maintain our current role as a product-neutral, full-line wholesaler alongside our pre-wholesale activities, where competition at the wholesale level develops in a balance between discounts, logistics, innovation and service. We believe that this is a role and a task, which we at Nomeco have fulfilled well to date. This has contributed to a secure and efficient distribution of pharmaceuticals. It is in our opinion not an area, which is suitable for theoretical competition experimentation.

I wish you all a happy new year.



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Photo: Morten Wøldike

## UPDATE from the latest Good Morning Meeting at Nomeco



What opportunities and challenges does the Danish pharmacy sector face today and in future in the wake of the modernisation of the pharmacy sector from July 2015?

Peer Nørkjær and Lars Persson, pharmacists at two large Danish pharmacies, were invited to speak about their view on the new situation in the pharmacy sector and how they each attempt to navigate in the new competitive market. However, the modernisation has not only had its impact on the pharmacies. The modernisation has also had its consequences for wholesalers like Nomeco. Manager of Logistic Development, Sonja Lunde from Nomeco was therefore invited to describe the actual reality wholesalers find themselves in, in the wake of the modernisation.

As hoped for, the theme seems to be a hot potato in the industry as well, and as many as 45 suppliers attended the meeting. During the various presentations, the participants asked a range of good questions, which resulted in some interesting conversations and discussions. Considering the positive feedback from the meeting, it seems the participants left the morning meeting with far more knowledge on the subject than when they arrived

# 45



inquisitive suppliers attended the latest Good Morning Meeting on September 1 2016. Pharmacists, Peer Nørkjær and Lars Person, two of the introductory speakers during the morning introduced the attendees to their differing views on the new situation in the pharmacy sector in the wake of the modernisation. Peer Nørkjær focused on the actual consequences of the modernisation in terms of numbers whereas Lars Person gave an insight into the opportunities and challenges of an online-based pharmacy in the new and more competitive pharmacy sector.

Continued >



Photo: Morten Wøldike

## PEER NØRKJÆR, owner of Tårnby Pharmacy

**focused on the actual consequences of the modernisation in terms of number of new units and their location and how it affects the financial situation for the pharmacists.**

What was highly interesting was Peer's survey of how much more competitive the market has actually become in a very short time. This left no one in doubt that the modernisation has already fulfilled its purpose of increasing availability of medicine in the market and not least of increasing competition among the pharmacies. Peer illustrated his points by presenting the following numbers:

The number of pharmacies before the modernisation and one year and six month later:



|                 | July 2015  | December 2016 |
|-----------------|------------|---------------|
| Pharmacies      | 236        | 234           |
| Outlets         | 89         | 186           |
| <b>In total</b> | <b>325</b> | <b>420</b>    |

- 6 out of 10 branch pharmacies are upgraded pharmacy outlets
- 80% of the new outlets are located less than 5 km from the nearest pharmacy/outlet
- More than 50% of the new outlets are located closer to a competitor than its own parent pharmacy

Regarding finances, Peer could not give one unambiguous conclusion as whether it is of financial benefit to open up several pharmacy units and outlets. As Peer stated there are many elements which play a part in financial success as for example subsidies have been lowered and levies increased. This means that whether juggling with staff costs, rents etc. succeeds or not has a huge influence on a financial profit.

## LARS PERSSON, owner of Hadsten Pharmacy and Webapoteket.dk,

**spoke about the opportunities and challenges an online-based pharmacy brings to a competitive market, emphasizing e-commerce as a channel for opportunities.**

E.g., two important points were that e-commerce composes a growing part of the Danes' purchase channels and at the same time opens up new markets, as e-commerce is not subject to the same rules as the "ordinary"

Photo: Morten Wøldike





pharmacy sector and is not restricted by national borders. Both of these are very crucial points considering the increase in competition in the Danish pharmacy sector.

Even though e-commerce could be advantageous when taking the competitive situation in Denmark in consideration, Lars emphasizes that it is not without challenges to run an online-based pharmacy:

- In general, Danish legislation is an obstacle to e-commerce in the Danish pharmacy sector achieving optimal conditions
- Foreign competitors have full access to the Danish market

Foreign competitors can often sell, especially branded goods, at a price significantly lower, than Danish pharmacies are able to offer. Therefore, Lars underlined his hope that Danish politicians would take up the matter and prevent Danish pharmacies from losing ground to foreign players.

Participants at the morning meeting showed a particular interest in the topic of patient security in regards to e-commerce. Lars explained that the main income from Webapoteket.dk now constitutes the sale of branded goods but that they have experienced an increase in sales of prescription medicine. Accordingly, they are very aware of the issues regarding patient security and make use of all the options they have in order to ensure that patients are getting the guidance they are entitled to e.g. through a live chat function, telephone and e-mail.



Photo: Morten Wøldike

## SONJA LUNDE, Manager of Logistic Development at Nomeco

**wrapped up the meeting by telling which consequences a wholesaler like Nomeco experienced in the wake of the modernisation.**

Sonja's overall point was that Nomeco has seen a substantial increase in its workload as more outlets and units mean more goods to pack and deliver. However, she emphasised that Nomeco is doing everything they can to maintain the same high service standards and to ensure that the manufacturers' products are always available when needed.

Naturally, the modernisation has primarily had its impact on Nomeco in regards to keeping the service level to the pharmacies at an all-time high. These are the most remarkable changes:

- In 2016 the number of picking lines have increased by 26% compared to 2014 equal to approx. 250.000 more picking lines in a month.
- In 2016 the number of packages delivered has increased by 4.9% compared to 2014.
- The increased activity level equals about 30 extra full time employees despite an efficiency increase of 14%.
- An increment in driven kilometers, deliveries and applications to Customer Service.

Despite the increase in activities Nomeco has maintained the same high service level for the pharmacies.



## REPACKAGING SERVICES



### OPTIMIZE YOUR MARKET AVAILABILITY AND AVOID RUNNING OUT OF STOCK

Nomeco HealthCare Logistics provides full GMP compliant secondary repackaging services. This ensures product availability in the market and reduction of product waste. We offer fast and efficient repackaging, which helps you avoid an out of stock situation.

For more information or questions regarding Nomeco HealthCare Logistics repacking services, please contact:  
**Christian Sevel, Key Account Manager,**  
Nomeco HealthCare Logistics  
Phone: +45 36 14 20 41

### Nomeco HealthCare Logistics repackaging services include:

- Change of outer packaging
- Change of packing size
- Exchange of product leaflet
- Check of batch number and/or expiry
- Labelling
- Serialisation
- Just-in-time packaging
- Customized tasks

# INBOUND VIEW

## Quick and early overview of open inbound shipments

In future all manufacturers with pre-wholesale at Nomeco HealthCare Logistics have access to Inbound View – a new online feature in SupplierOnline that increases transparency.

Transparency is crucial for manufacturers in order to get a detailed and coherent overview of all incoming shipments as early as possible. The sooner a manufacturer can access information about inbound shipments, the more risk of delays and dissatisfied stakeholders are minimized.

“When developing new solutions for our customers in pre-wholesale we always follow the mantra ‘Transparency’. We try to picture ourselves in the shoes of our customers and visualize the possibilities they would have, if they had their warehouse in their own backyard. Therefore, we now provide access as if the manufacturer could look into their own goods receipt,”

Kristine Sakstrup Haag, Business Unit Director in Nomeco HealthCare Logistics, explains.

In practice this means that the new feature provides manufacturers with quick and early access to overview shipments which have just arrived at the warehouse and are awaiting the goods receipt. This means that they are now able to follow all incoming shipments before they are placed on stock. Additionally, Inbound View outlines how many collies are under process and how far they are in the process.

As Inbound View displays real time information, manufacturers can react very quickly in case of backorders, missing documents, purchase orders etc. Further, instead of having to contact the pre-wholesale Customer Service Team, they can themselves access live data, allowing them to answer stakeholders faster and serving the market at a quicker pace.

■ *anpet*

SupplierOnline is an online customer center available for all manufactures with pre-wholesale at Nomeco HealthCare Logistics.



### SELF-SERVICE Saves time & adds transparency

Instead of having to contact your Nomeco Team, you can access data yourself, and thus answer your stakeholders faster.

### SHIPMENTS

See how many collis and shipments are under process and check their status

### BACK ORDERS

Get a quick overview of inbound shipments and see which items are in backorder

### LACK OF DOCUMENTATION

See if a shipment lacks documentation and cannot be processed

### DETAILED PICTURE

See which products and which purchase orders are on their way to the stock

### REAL TIME DATA

Stay updated 24/7. Inbound View is a real time picture of the situation in goods receipt

Approximately 70 people attended the arrangement - including some of the staff from Nomeco, who could also celebrate that the construction of their future workplace is now entering a completely new phase.



# ONE STEP CLOSER TO THE LARGEST & MOST EFFICIENT PHARMACEUTICAL WAREHOUSE IN NORTHERN EUROPE

The directors of Nomeco, Skandinavisk Transport Center and the contractor, have turned the first sod for the new giant warehouse in Denmark.

**N**ovember 4 2016 will be remembered in Nomeco's history as the day when the construction of the new large pharmaceutical warehouse in Køge just south of Copenhagen began. Mathias Büttner, director of general contractor, Max Bögl, Henrik Kaastrup, Managing Director of Nomeco and Thomas Kampmann, director of Skandinavisk Transport Center turning the first sod, marked the day.

Despite the rainy weather, there were smiles all around, and everyone was excited that the construction had finally started after a long period of thorough planning and projection. For a very long time, Henrik Kaastrup has been looking forward to seeing the building site filled with construction machinery and people wearing yellow safety helmets.

## **New quality standards**

"All of us who have been involved from the beginning of this project have to pinch ourselves now and then, when we realize that the construction of what, in one and a half years, will be Northern Europe's largest and most efficient pharmaceutical warehouse, has actually started," he said in his speech.

He pointed out that the warehouse will not only set new standards concerning size, but will also do so when it comes to quality.

"Everyone working in the complex pharmaceutical industry knows that requirements constantly demand an even higher level of quality. Our new warehouse will store medicine worth billions of DKK from some of the world's most research-intensive and demanding global pharmaceutical companies. To meet future expectations we are striving for a new set of standards in the new warehouse. >

## 15th August 2016



### THE BUILDING PERMIT WAS GRANTED

The construction of Nomeco HealthCare Logistics' new warehouse got one step closer on August 15 2016. On that day, the Municipality of Køge handed the building permit to Nomeco. The Mayor of Køge, Flemming Christensen, and Logistics Director at Nomeco, Per Hansen, here show a picture of the new warehouse.

## 4th november 2016



### CONSTRUCTION KICK OFF

Mathias Büttner, Director of General Contractor, Max Bögel, Henrik Kaastrup, Managing Director at Nomeco and Thomas Kampmann, Director of Skandinavisk Transport Center turned the first sod.

## Summer 2018



### THE WAREHOUSE IS COMPLETED

The warehouse construction will be completed during the summer of 2018 and the 25.000 m<sup>2</sup> building will be ready to use at that point. The most remarkable part of the building will be the 30-meter high and fully automatic high bay warehouse, which will provide pharmaceuticals to wholesalers and hospitals throughout the Nordic Region.

The new warehouse will bring Nomeco HealthCare Logistics' three pre-wholesale warehouses together into one large one which will deliver pharmaceutical products to the entire Nordic market.

- › Finally, we must never forget that in the end there will be critically ill patients all over the Nordic countries, who are dependent on the warehouse in Køge working safely and efficiently and meeting the highest quality requirements."

### Good working environment

Approximately 70 people attended the arrangement - including some of the staff from Nomeco, who could also celebrate that the construction of their future workplace is now entering a completely new phase. The new warehouse will bring together Nomeco HealthCare Logistics' three pre-wholesale warehouses into one large one.

"In the project design, we have emphasized efficient processes, working environment and ergonomics," Henrik explained and expressed his hope that the new warehouse would be a good and motivating framework for the staff, who will have their day to day work life at Idunsvej in Køge from 2018. "However, it will be up to the staff themselves to fill the building with the joy of work," he added.

Henrik thanked the top management at PHOENIX group for placing the new warehouse in Denmark. He also thanked the project team, the Municipality of Køge, Skandinavisk Transport Center, manufacturers and the contractor and finally and just as importantly all the staff at Nomeco as they, from day one, have showed such fantastic support and such a positive attitude towards the project.

The building will be completed and put into use during the summer of 2018.

# GDP LEAFLET - A NEW TRAINING INITIATIVE secures quality & integrity of pharmaceuticals

The Quality Department in Nomeco has released a GDP leaflet specially designed to give employees easy access to information and requirements in the GDP-guidelines.

The GDP leaflet was created in cooperation between Nomeco's graphic designer, the head of communications and the Quality Department. This team effort ensured that this important information is designed and communicated in the most efficient way in order to raise awareness about the importance of following the GDP-guidelines.

The GDP guidelines issued by the European Medicines Agency (EMA) are not always presented in a way that is accessible and easy to understand by the average warehouse worker. It is, however, paramount to Nomeco that all employees know and understand every aspect of the guidelines and are able to relate them to their daily work routines.

The leaflet is now a part of the current GDP-training program in Nomeco and all current employees have their own copy. All future employees will have their own private copy sent to their home address as an integral part of the recruitment process. >



The content of the leaflet was based on a model reader; Kai. Kai is in fact not a real person, but a fictional persona with many of the characteristics of an employee in Nomeco's warehouses. With Kai it was possible to make a leaflet that is both comprehensive and easy to understand.

Photo: Katrine Rorhberg



### Pia Rask Albæk, Quality Director in Nomeco says:

“The guidelines issued by EMA can be difficult to read for people who are not used to reading legislative and similar complex texts. It left room for interpretation and we wanted to provide a common understanding of quality in Nomeco.

We have made an effort to substantiate the critical requirements with explanations of why they are so important. We have done this in order to enable our employees to practise the GDP in their everyday work life.”

■ ckv

## Europe-wide launch of PHOENIX Pharmacy Partnership

With PHOENIX Pharmacy Partnership, the healthcare provider PHOENIX group is for the first time creating a European umbrella for its existing pharmacy cooperation programmes. Based on transnational collaboration and the enhanced exchange of know-how and experience, the PHOENIX group is offering members direct access to numerous sales and marketing services through its national subsidiaries, as well as purchasing benefits.

Around 9,000 independent pharmacies within the 12 cooperation programmes in 15 European countries are already benefiting from the possibilities of PHOENIX Pharmacy Partnership. Under the umbrella of the largest partnership programme in Europe – with the slogan “Access to success” – the twelve, locally well-established brands grant independent pharmacies and the pharmaceutical industry further opportunities for growth and new market potential.

“With PHOENIX Pharmacy Partnership, we provide individual pharmacies and pharmaceutical suppliers across Europe with customised solutions for their local and regional needs,” Oliver Windholz, Chief Executive Officer of the PHOENIX group says. “Thanks to its presence in a total of 26 countries and many years of experience as a pharmaceutical wholesaler and pharmacy operator, PHOENIX possesses comprehensive knowledge of local markets that are now being combined under one umbrella through PHOENIX Pharmacy Partnership,” Windholz explains.

PHOENIX Pharmacy Partnership is part of the services offered by the PHOENIX service brand All-in-One. For the PHOENIX group, this is yet another step on its path to becoming the best integrated healthcare provider.

■ ckv

For more information on PHOENIX Pharmacy Partnership, visit the web site:  
[www.phoenix-pharmacy-partnership.eu](http://www.phoenix-pharmacy-partnership.eu)



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## NOMECO MEETS MANUFACTURERS' NEEDS: Cold storage in Copenhagen is expanding



The need for cold storage in Nomeco increases due to higher demands from manufacturers and new customers in pre-wholesale at Nomeco HealthCare Logistics. To meet these demands, Nomeco has been busy expanding the existing cold storage area in Copenhagen during 2016. The expanded area accommodates a significant number of new pallets.