IFPW FOCUS
A Bi-Weekly Pharmaceutical Industry Newsletter
Vol 34 | No. 13
June 26, 2025

Is Big Pharma Ready for the Next Big Supply Chain Challenge?

(Source: A Staff Article for Pharmaceutical Manufacturer)

Five years after the largest pharmaceutical distribution challenge in history, supply chains are more resilient; however, the risks have not completely disappeared. While the COVID-19 vaccine rollout was a relentless stress test for the pharmaceutical industry – revealing both industry strengths and vulnerabilities – it also helped to reshape these pharma supply chains. Now the question that is present is whether the industry is better prepared for whatever comes next.

As pharma leaders look ahead and surmise what the next major crisis may be (another pandemic, geopolitical instability or an unforeseen disruption), it is certain to test how well the lessons learned will be applied. If the industry is not prepared, it will be the manufacturers and ultimately the patients who pay the price.

Readiness is not just about stockpiling supplies or refining production timelines. It depends on the strength of the partnerships that keep supply chains moving, because no manufacturer succeeds alone.

Strong alliances and partnerships across the supply chain, spanning logistics providers, container suppliers, and other critical wholesalers are what determines who can maintain the supply chain resilience in a crisis situation. Manufacturers that invest in long-term strategic relationships with logistics and distribution partners will be the ones best positioned to adapt when disruption strikes.

What is clear is that logistics cannot be treated as a commodity service, bought and sold at the lowest possible rate. Manufacturers that engaged directly with container providers, airlines, and cold chain technology firms in addition to freight forwarders were better positioned to secure capacity and maintain flexibility as demand surged. The next crisis will again favor manufacturers who invest in strong, multi-tiered partnerships that can be activated quickly when the pressure is on.

But partnerships must go beyond a simple contractual relationship. During the COVID pandemic, the most successful vaccine distributions were those where manufacturers, logistics

(continued on page 2)

SAVE THE DATE!
IFPW'S 2026 CEO ROUNDTABLE will be held April 15th & 16th at the Business Roundtable in Washington D.C.
Watch for more information on event schedule and hotel accommodations in the coming months.

In Brief...

- **Sanofi** has acquired Massachusetts-based **Blueprint Medicines** for up to US$9.5 billion. Sanofi gains Blueprint's portfolio of rare immunological disease treatments, including its systemic mastocytosis pill *Ayvakit*, which generated sales of US$479 million in 2024.
- The volume-based ratio of generic drug usage in Japan stood at 89% as of January this year, down 0.3 points from the previous month, according to a report published by the **Japan Health Insurance Association (Kyokai Kenpo)**.By prefecture, Okinawa had the highest rate at 93.7%, followed by Iwate with 91.9% and Yamagata at 91.7%. Tokushima logged the lowest rate of 84.7%. The data covers insurance claims issued by medical facilities including DPC hospitals, insurance pharmacies and dentists.
- **Novartis** has signed a strategic agreement with **Shanghai Pharma** to help sell the Swiss company's mature ophthalmic products in China. Novartis will leverage Shanghai Pharma's omni-channel integrated marketing services and broad market coverage capabilities to accelerate the reach of some Novartis drugs for ocular infections and glaucoma in smaller territories not currently targeted by Novartis, according to the Chinese company. The two companies did not disclose the specific products covered by the deal.
- **Novo Nordisk** and **Sumitomo Pharma** announced they have finalized a co-promotion agreement in Japan for *Ozempic (semaglutide SC injection)*, a once-weekly GLP-1 receptor agonist approved for the treatment of type 2 diabetes. Beginning in July, the two companies will start jointly providing information to healthcare facilities while Novo, the marketing authorization holder (MA) of the drug, will retain the MA and continue to be responsible for manufacturing and

(continued on page 2)

The Rise in Unjust Pharmacy Deserts

(Source: An article by Debby Garbato for Drug Store News)

In the early 2000s, it seemed there was a chain drug store on almost every corner, as national corporations merged with smaller companies and expanded at unprecedented rates. Often, inventory expanded, with shelf-stable groceries, larger seasonal sections and shelves of frozen food offerings offsetting declining drug margins and giving consumers more convenience. National competitors occupied opposite sides of the same street.

For some years, this worked. But few strategies last forever. Many believe that pharmacy benefit managers (PBMs) have taken a significant portion of pharmacy profits. Dollar stores' growth and grocery ordering apps have decreased front-end traffic, while digital technology has hurt some categories. In some places, rampant shoplifting has eroded sales. As a result, more than 7,800 drug stores have closed over the past five

(continued on page 2)

Is Big Pharma Ready *(cont'd.)*...

providers and even local handling teams worked together as a single unit.

Challenges such as freight space on transportation sources, geopolitical tensions, or even sustainability measures can complicate the supply chain process. Additionally, there is no guarantee that future crises will present in the same way. This can pose significant threats to the need for rapid, large-scale distribution, making it a continuing concern.

Packaging supply bottlenecks - which were a critical challenge during the COVID pandemic - will require adaptability to keep the distribution process moving. Thus, the ability to scale up production of packaging materials quickly should be a top priority.

While it is impossible to predict what manufacturers may face in future crises, manufacturers must implement proactive scenario planning strategies. Being unprepared for what lies ahead is not an acceptable excuse. This will require agility, the use of data-driven insights, and strong supply chain relationships already in place. Future preparedness should focus on securing logistics capacity through these strategic partnerships and pre-agreed contracts already in place that will guarantee access when demand spikes.

It should also involve building multi-source supply chain networks that are not dependent on a single provider or region. Investing in real-time monitoring and risk assessment tools will allow manufacturers to track factors such as trade lane risks, shipment conditions and peak congestion periods so that potential disruptions can be identified before they transform into challenging bottlenecks.

The industry needs to ensure that all stakeholders have a seat at the table in the pharma supply chain planning process, because when the world needs vaccines, treatments and life-saving medications, there is no room for hesitation.

Pharmacy Deserts *(cont'd.)*...

years, according to NielsenIQ.

Closures have created pharmacy "deserts". The National Library of Medicine and the U.S. Census Bureau define a pharmacy desert as having at least 33% of its population living a mile or more from a pharmacy (urban areas), 5 miles(suburban), 10 miles (rural) and more than0.5 miles where fewer than 100 people own cars. More than 45 million Americans live in pharmacy deserts, a 9+% increase since 2021, GoodRx said.

"We've been tracking pharmacy and healthcare deserts since 2019," said Tori Marsh, GoodRx's director of research. "There's been more pharmacy closures over the past six to 12 months. The number of people living in deserts keeps growing, as does the number of counties classified as pharmacy deserts. Many are rural areas. But I'm always surprised about areas with 100,000+ people that are deserts."

The highest number of closures, 2,437, occurred in 2024, said NielsenIQ. According to Coresight Research, drug stores accounted for 17% of all store closures in 2024, and 21.6% in 2023 (see chart). In 2023, drug store and pharmacy sales increased 8.2% to US$363.9 billion. In 2024, they grew about 3%, reaching US$374.8 billion. In 2025, Coresight estimates sales will grow by 3.3% to US$387.2 billion.

In Brief (cont.)

product supply. No further terms were disclosed.

- **Eli Lilly** has presented data which reinforces the view that its once daily pill, the GLP-1 agonist candidate *orforglipro*n, is a future global market leader in obesity treatment. Topline efficacy data from the ACHIEVE-1 study released two months ago showed that *orforglipron* helped people with type 2 diabetes lower their A1C by around 1.5% and lose a median 8% weight at 40 weeks at the highest dose. The efficacy was similar to Novo Nordisk's top-selling injectable GLP-1 *semaglutide*, but left questions about its relative safety and tolerability, including its liver safety profile.
- According to a report by CNBC, **Amazon** is reorganizing its healthcare business into six "pillars". This follows the loss of several top health executives at Amazon in recent months, including chief medical officer, *Dr. Vin Gupta* and One Medical CEO *Trent Green*. The six pillars will be designed to create a simpler structure. The company has not yet conducted any broader layoffs as part of the reorganization process.
- **Merck & Co.'s** PD-1 inhibitor for multiple cancer indications *Keytruda* has retained its number one spot as the drug generating the highest global revenues in the first quarter of 2025. **Eli Lilly's** GLP-1 indication *Mounjaro* rose from the sixth to third spot while rival drug *Ozempic* remained in the second position.
- **Amgen** announced full results from Part 1 of its Phase 2 for its obesity candidate *MariTide (maridebart cafraglutide)* a long-acting peptide-antibody conjugate subcutaneously administered monthly or less frequently. If approved, *Maritide* would be a monthly shot to reduce weight, rivaling weekly injections of GLP-1 medications currently on the market.
- Ireland plans to use its budget cushion to pump financial support into infrastructure to protect competitiveness as global trade challenges and tariffs threaten the country's standing as an international hub for business. Ireland's small, open economy currently has a strong fiscal position with a sizeable budget surplus thanks to corporate tax income from U.S. corporations such as Pfizer Inc and Apple Inc. But with a portion of this revenue at risk, Finance Minister Paschal Donohoe announced that the government must use that money with an eye on the longer term. Pharmaceutical tariffs, if imposed by the U.S., are a key worry that could cost the Irish economy 75,000 jobs.

(Sources:CNBC Drug Store News, FiercePharma, Pharma Japan, The Pharma Letter and World Pharma News)