

## *Bayer reduces wholesale partners to simplify its supply*

Bayer Schering Pharma has picked three partners for the distribution of its prescription medicines in the UK under a new wholesaler model intended to simplify its supply chain.

The group has selected Alliance Healthcare unit UniChem, Phoenix Healthcare and AAH Pharmaceuticals to distribute its medicines in the country, although arrangements for its Consumer Care and Diabetes Care products remain unchanged, the drugmaker said.

According to a spokesperson for the company, the move to simplify the supply chain was undertaken to "keep pace with recent market developments", and "should see improvements in continuity of supply for UK patients".

Since Pfizer first took the bold step back in 2006 of shaking up its supply system by appointing UniChem as the sole distributor for its prescription-only medicines to pharmacists and dispensing doctors in the UK, many drugmakers have followed suit by reducing their number of partners for drug distribution.

For example, earlier this year, Phoenix beat rival AAH Pharmaceuticals to win a contract from Danish group Novo Nordisk to distribute its products within the UK, and towards the end of 2008 drug giant GlaxoSmithKline announced changes to its distribution model that will see AAH and UniChem become its only suppliers in the country.

Drugmakers argue that such arrangements allow them much tighter control of the supply chain, leaving less room for the infiltration of counterfeit medicines, but those opposing the move have cited concerns over how this may affect service quality, potential fragmentation of the wholesale sector and higher costs to the National Health Service.

## **Parallel imports will hit rock bottom**

Parallel imports of ethical drugs have slumped by 40% in the UK and are more likely to remain depressed for at least 12 months because of the falling foreign exchange rate, said Richard Freudenberg.

The recent devaluation of sterling on the foreign exchange markets has virtually wiped out profits that PI wholesalers have enjoyed over the last few years.

But Freudenberg, who is Secretary General of the British Association of European Pharmaceutical Distributors (BAEPD), was optimistic that the market will bounce back.

"These matters are cyclical and I firmly believe that Sterling is presently undervalued

and we shall see, in time, a return to higher rate of exchange to permit renewed access to higher distribution of product", he told delegates at the Sigma Pharmaceutical Conference.

He added that the timeline for improvement was 'difficult to assess' and predicted further losses in 2009 before a possible upswing.

'My best guess is that we are looking at a further 12 months of instability before a return to a level of normality' he said. He drew parallels with the recovery that followed the devaluation of the Pound in 1991 and depressed interest rates in the UK that led to recession.

"A trigger for a renewed rate of interest in PIs will be a return to an exchange rate in excess of 1.20 Euros to the pound with the stability-which will permit distributors to reinvest the licenses that are the lifeblood of the industry," Freudenberg explained."



### **Special points of Interest**

**This bulletin is free to interested wholesaler employees**

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## Business rates rise

Increases in businesses premises taxes could lead to the closure of pharmacies, contractors have warned. Both multiples and independent representatives have slammed the government's 5 per cent hike in business rates, effective from 1<sup>st</sup> April, as "bad news" and "complete madness".

But on the 31<sup>st</sup> March good news arrives - **Darling cuts business rate rise.**

Chancellor Alistair Darling has gone back on plans to increase business rates by 5%.

Mr Darling said the rise was linked to the Retail Prices Index last year, He said businesses would face only a 2% rise this year and the remaining 3% would be smoothed out over the following two years.

"I believe this will provide real and genuine help for businesses in this country," said Mr Darling.

Mr Darling's announcement applies only to England at present. However, the government said it would "engage with the Scottish, Welsh and Northern Ireland administrations to clarify the situation for ratepayers".

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**Lloydspharmacy** has opened a branch in exclusive London department store Selfridges.

The multiple said its venture in the store on Oxford Street would extend its reach to "a brand new audience".

Managing director Richard Smith said: "This provides us with a great opportunity to test new and innovative products and services in a vibrant retail environment, and learn from the needs of customers in areas new to us as a business."

The pharmacy's offering includes blood pressure and diabetes tests, and cholesterol and heart checks, as well as products aimed at the discerning Selfridges shopper,

## *WaveData — Top ten products*

According to WaveData, these were the most commonly investigated products in searches of the online pricing data at [www.wavedata.net](http://www.wavedata.net)

Both uk and pi prices were viewed for each product, giving some indication of where the focus was in March 09

- Omeprazole Caps 20mg 28
- Lansoprazole Caps 15mg 28
- Lansoprazole Caps 30mg 28
- Indapamide SR Tabs 1.5mg 30
- Lormetazepam Tabs 1mg 30
- Bicalutamide Tabs 50mg 28
- Clindamycin Caps 150mg 24
- Co-Codamol Caps 8mg/500mg 100
- Alendronate Tabs 70mg 4
- Bicalutamide Tabs 150mg 28

I will be issuing the next bulletin on the 13th May 09, please let me know by the 6th May 09, if you would like to add or suggest any articles/comments

**If you have any colleagues who would like to receive this, please let them know about it.**

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