

Supply Chain Management System

Providing Quality Medicines for People Living with and Affected by HIV and AIDS

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SCMS Quarterly Report: October – December 2005

Submitted By:

Partnership for Supply Chain Management

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Title Page

Contract #: GPO-I-00-05-00032-00
Contractor Name: Partnership for Supply Chain Management
Cognizant Technical Office: USAID Bureau of Global Health
Issue Date: April 28, 2006
Document Title: SCMS Quarterly Report: October – December 2005
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Strategic Objective: Quarterly Report

1.0 SUCCESS STORIES

The Emergency Plan “Starts-Up” Global Supply Chain Management Enterprise

In order to achieve the ambitious goals of the President’s Emergency Plan for AIDS Relief (the Emergency Plan), project planners understood the need to develop a new global enterprise for procuring and delivering high quality drugs and supplies in the developing world. Such an enterprise would require a blend of capabilities from a diverse set of global, regional, and local institutions including government leaders, academic and research-based entities, faith-based and other non-governmental organizations, private firms, and community initiatives.

Since the award of the Supply Chain Management System (SCMS) contract to the Partnership for Supply Chain Management (PSCM) on September 30 of 2005, the project’s managers have worked closely with their US government (USG) managers to build this global enterprise. Comprised of 17 member institutions from vastly different operating traditions, PSCM transformed during its first operating quarter from a collection of high-performing parts to a cohesive, integrated team.

During the first reporting period, PSCM established infrastructures for governance, financial, administrative, information management, staffing, facility, internet and policy capabilities. Senior leaders from SCMS member institutions participated as advisors for an initial planning meeting to develop standard operating procedures (SOPs) around procurement, freight and logistics, quality assurance, and in-country activities. All team members contributed to designing an integrated supply chain that would match the challenge of fighting HIV/AIDS in the developing world.

The SCMS project successfully completed the start-up, planning, and solution design activities by the end of its first three months, to position the project to support goals of the Emergency Plan.

2.0 PROJECT HIGHLIGHTS/MAJOR ACCOMPLISHMENTS

2.1. Key Activities/Expected Accomplishments for the Quarter

- Establish facilities, identify staff, and prepare a mission statement, vision statement, objectives, operating structures, procedures, and process flows for each of the project’s major activity areas.
- Establish a viable accounting system for day one expenditure processing and tracking.
- Secure USAID letter of credit and issue subcontractor letters of contract.
- Develop a comprehensive, integrated process map that can be replicated across the focus regions and countries.
- Conduct planning and logistics for an initial vendor conference.
- Establish Performance Monitoring & Evaluation (PME) unit and working groups.
- Initiate stakeholder outreach and establish website and intranet.

2.2. Major Accomplishments

2.2.1 Procurement

- Agreed to the initial organizational structure for the procurement unit.
- Commenced development of a detailed procurement business process design (process flowcharts, standard operating procedures, and job descriptions).

- Agreed to Project Management Office (PMO) process flows and interactions between quality, freight forwarding, in-country, and finance units.
- Refined an illustrative product list.
- Organized and finalized preparations for an International Pharmaceutical and Health Care Commodities Industry Vendor Conference including posting announcement to website and inviting participants.
- Assisted In-Country Operations Management (ICOM) unit in presenting SCMS procurement capabilities to strategic USG Track 1 Partners and USG agencies and discussed opportunities for collaboration and partnership development.

2.2.2 *Freight Forwarding & Logistics (FFL)*

- Identified and recruited personnel for SCMS FFL operational team.
- Established strategies for FFL planning, information gathering, and implementation.
- Conducted briefings with existing subcontractor business partners (i.e. International Healthcare Distributors (IHD), Kinesis, MS Pharma, UPS Supply Chain SolutionsSM (UPS), DHL, Virgin) about timelines and expectations.
- Met with representatives from The Fuel Logistics Group (Pty) Ltd (Fuel), UPS, MAP International (MAP), International Dispensary Association (IDA), and Guaranteed Returns to establish contracting and accounting frameworks and to detail functional and operational roles, timelines, and expectations.
- Surveyed major manufacturers regarding acceptable modes of transportation management (Aspen, GlaxoSmithKline (GSK), Pfizer, Jansen-Cilag, Merck, Adcock Ingram, and Ranbaxy).
- Surveyed recipient programs (Hospice Palliative Care Association of South Africa (HPCSA), Catholic Relief Services (AIDSRelief) and commercial program managers (Caliber, Anglo American Corporation (AAC)) about acceptable modes of transportation management.
- Reviewed key technologies for secure goods movement management and identified two technologies that will provide significant value potential.
- Finalized security framework for focus country deployment with Omega Risk Management.
- Aligned FFL strategy and timelines to correspond with SCMS and United States Agency for International Development (USAID) requirements.
- Incorporated movement of donated goods into FFL strategy.

2.2.3 *In Country Operations Management (ICOM)*

- Established the ICOM unit including organizational chart and job descriptions.
- Initiated recruitment for ICOM team. ICOM Manager, two Country Managers, Lead Program Coordinator, and one Program Coordinator on board by end of quarter.
- Initiated process mapping of ICOM unit's workflow and drafting of standard operating procedures.
- Established working relationships with two Track 1.0 partners: Harvard School of Public Health and Catholic Relief Services (AIDSRelief).

2.2.4 *Quality Assurance (QA)*

- Finalized descriptions for roles and responsibilities and hired a Quality Assurance Specialist.
- Initiated development and began implementation of a Quality Assurance Model.
- Published format and guiding principles of the SCMS Quality Manual.
- Formally established an SCMS quality management system.

2.2.5 *Performance Monitoring & Evaluation (PME)*

- Established a PME capability.
- Selected PME core staff and working group members from across the consortium.
- Began conducting sessions to create SCMS vision and mission statements.

2.2.6 Management Information Systems (MIS)

- Launched the PFSCM.org e-mail exchange.
- Established the PFSCM.org web page for external communication.
- Established the internal portal page hosted on JSI servers for knowledge sharing.
- Developed cross-platform compatible XML templates that will allow for maximum information sharing and transparency among SCMS and its partners.
- Conducted initial business requirements capturing for the permanent order management system.

2.2.7 Operations Unit Management

- Finalized descriptions of roles and responsibilities and recruited three positions.
- Finalized the Letter of Credit application and procedures for project funding.
- Managed logistical arrangements for the move to temporary offices at Management Sciences for Health, Inc. (MSH)/Ballston.
- Negotiated and finalized letters of subcontract between PSCM and the 16 SCMS subcontractors.
- Established an interim accounting system for tracking and payment of SCMS expenditures.
- Established preliminary SCMS operating policies and guidelines.

2.2.8 Communications

- Initiated staff recruitment for Communications and Outreach Strategist, Communication Manager, and Art Director; hired Art Director and Manager (consultant).
- Developed a short-term communications plan to guide start-up phase communications.
- Developed logo and PowerPoint template and initiated business cards and brochure design.
- Developed a standard PowerPoint presentation.
- Supported USG response to inaccurate reporting in South African press about SCMS team members.

2.2.9 PMO (Project Management Office)

- Successfully staffed 21 positions including nine management roles.
- Collaborated with existing partners for assistance in Communication Strategy and Performance Management.
- Created large-scale visual representation of the envisaged SCMS Technical Solution tracking procurement from planning and quantification through order, delivery, and acceptance.
- Met with two Office of the US Global AIDS Coordinator (OGAC)-sponsored working groups to facilitate initial introductions and collaboration. These included the Preventative Mother-to-Child Transmission (PMTCT) Working Group and the Procurement Working Group.
- Met with Ambassador Randall Tobias and Mr. Mark Dybul to provide project introductions and updates.
- Conducted introductory meetings with the World Health Organization (WHO) AIDS Medicines and Diagnostics Service (AMDS).
- Met with various representatives of the Centers for Disease Control (CDC) in Atlanta to introduce SCMS and build initial working relationships.
- Initiated the Technology Pilots Working Group to develop scopes and funding proposal.

2.3. Outstanding Issues & Recommended Resolutions

SCMS quickly learned from its achievements in the first quarter and has identified several priority issues that must be addressed in the near term. The following section briefly describes these key issues and offers recommended action items for resolution.

2.3.1 *Need to make visits to focus countries a top priority in the coming quarter.*

- **Recommendation:** Continue discussion with USAID/SCMS to initiate contact with focus countries to request initial visits.

2.3.2 *Issue: Regulatory restrictions require a special bond store license for the effective operation of the Southern African (SA) Regional Distribution Center (RDC) because of PEPFAR's acceptance of products which are not registered for use in South Africa.*

- **Recommendation:** Hire a contract specialist consultant and deploy a regulatory specialist for FFL functions who will also engage with South African officials to coordinate customs, revenue, health department, and South African Medicines Control Council efforts.

2.3.3 *Issue: Regulatory restrictions limit the ability to move registered pharmaceuticals between countries, yet adequate storage facilities do not exist in many countries making it difficult to return recalled products.*

- **Recommendation:** Finalize role and deployment process with Guaranteed Returns, Inc., which accommodates regulatory and environmental issues across focus countries in the Emergency Plan.

2.3.4 *Issue: Alignment with USAID and OGAC leadership is necessary for consistent and effective management.*

- **Recommendation:** Arrange a schedule designating bi-weekly and monthly meetings with USAID contract managers and OGAC leadership, respectively.

2.3.5 *Issue: Material handling costs and reporting need to be discussed and finalized with USAID.*

- **Recommendation:** Establish a meeting with USAID contract managers to discuss materials handling charges management and accounting.

2.4. Key Activities/Expected Accomplishments for Next Quarter

- Finalize arrangements for permanent offices and continue to recruit, integrate and orient new personnel to the project, defining functional and geographic roles.
- Begin development of a procurement strategy and demand forecast and develop preliminary product sets for E-Catalogue.
- Organize and hold the International Pharmaceutical and Health Care Commodities Vendor Conference.
- Host official launch briefing and training sessions at PMO for the SCMS Advisory Board and staff.
- Conduct initial country visits.
- Develop initial faith-based organizations (FBO) and nongovernmental organizations (NGO) strategy and formally engage key Track 1.0 stakeholders.
- Develop initial SCMS corporate communications materials (e.g. business cards, stationery, etc.).
- Draft preliminary SOPs, create integrated SCMS flowchart, and validate process integration.
- Establish a Day 1 Solution plan that provides for safe, secure, and reliable distribution ahead of the deployment of the full integrated SCMS solution.
- Establish IT integration requirements to ensure comprehensive data transfer between all units and subcontractors and design an integrated technology platform for secure goods movement incorporating identified technologies.
- Guide MIS in the customization and testing of the preliminary Orion accounting module.
- Launch therapeutic and chemical analysis of ARV drugs.

3.0 PROCUREMENT HISTORY

The start-up phase focused on establishing standards and process, and no formal requisitions were submitted.