

The Pace of Change

The move towards the consolidated distribution of prescription drugs in the UK is gathering pace. In March 2007, Pfizer signed an exclusive distribution agreement with UniChem; this was followed in April by a similar agreement between AZ, UniChem and AAH Pharmaceuticals. Sanofi-aventis followed suit in late July and signed a three-way distribution agreement with UniChem, AAH Pharmaceuticals and Phoenix. These three wholesalers were also chosen in August by Napp Pharmaceuticals, but interestingly on a wholesaler rather than distributor basis. As each new deal is announced, the specific details vary, and represent a subtle variation on the consolidated distribution theme. The benefits of such deals for pharma companies are clear: faced with an increasing threat from counterfeit medicines in the UK, consolidated distribution provides a means to protect the supply chain from counterfeits and also allows them compete more effectively on price with parallel imports (PIs). The traditional wholesaler model of pharma distribution is shown in Figure 1, along with the specific changes triggered by consolidated distribution.