

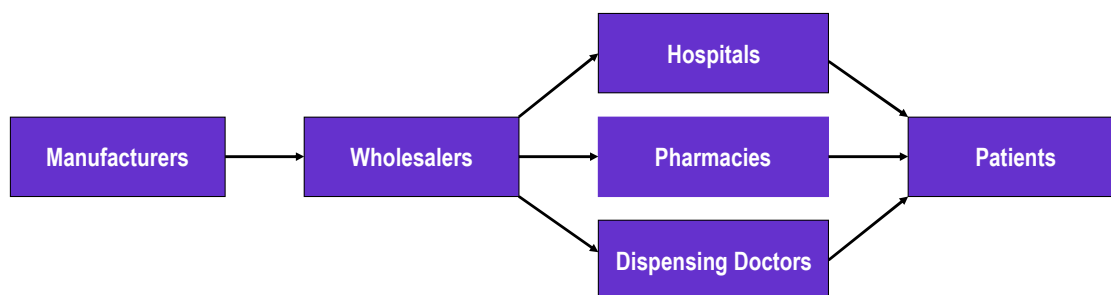
## What is pharmaceutical wholesaling?

### Wholesalers' place in the supply chain

The British Association of Pharmaceutical Wholesalers (BAPW) is the trade association for an essential, but often overlooked, part of the medicines supply chain - wholesalers.

The BAPW represents only full line wholesalers (as opposed to short line operators). This is an important distinction to make since short liners only stock and supply products where they can make the biggest profit margins. Full line wholesalers on the other hand offer a full range of products to their customers, even those lines where there is little or no profit mark up.

Wholesalers are a vital part of the supply chain which sees medicines delivered quickly and safely to patients:



In some countries, elements of full-line pharmaceutical wholesaling are viewed as a public service and receive state subsidies, although in the UK this is not the case. Wholesalers buy most of the medicines they supply direct from manufacturers to meet the demands of the customer - the NHS. In essence, the industry carries all the risk and investment involved in distribution of medicines with no specific investment or subsidy from, or cost to, the NHS or the taxpayer.

### How important is pharmaceutical wholesaling?

As an industry, pharmaceutical wholesaling:

- Employs almost 9 000 staff;
- Makes more than 235 000 deliveries **per week**;
- Carries and supplies around 20 000 essential drugs, medicines and services;
- Delivers over 85% by value of the medicines dispensed in pharmacies, as well as around half of the medicines used in secondary care;
- Picks and delivers more than 2 billion items per year, with a combined value of over €15 billion;
- Achieves service levels touching 99%;
- Operates over 50 depots nationwide;
- Provides 50% of the computer equipment used by pharmacies;
- Provides a round the clock, on demand service to pharmacies and hospitals, 365 days a year;
- Offers very short lead times on orders and deliveries - typically less than half a day.



*British Association of  
Pharmaceutical Wholesalers*

## **Delivering medicines: Safely**

Wholesalers are at the heart of the process which supplies medicines to patients. As you'd expect from an industry dealing with medicines, pharmaceutical wholesaling is highly regulated. Warehouses are regularly inspected to ensure that they reach the highest standards of security and safety. Some products require cold storage, whilst others need to be kept in locked vaults. Wholesalers go to great lengths to ensure that the products they dispatch to hospitals, doctors and pharmacists are stored and transported safely and quickly. In fact, the inquiry into the activity of disgraced doctor Harold Shipman, lauded wholesalers for the way their business is conducted.

## **Delivering medicines efficiently**

But wholesaling is not just about safety - it is also about meeting the needs of patients and making sure that life-saving medicines are delivered quickly and accurately. Almost all wholesalers across the UK will deliver to their customers at least twice a day. This means that, in most cases, when a patient is prescribed a medicine which is out of stock at his or her local pharmacy, the pharmacist can place an order for that medicine and the order, no matter how small (it could be a single pack of pills), can be delivered straight to the pharmacy counter later that day.

By delivering quickly and accurately, pharmaceutical wholesalers ensure that the demand for medicines is met and that patients get the treatment they need, when they need it. Wholesalers provide the complicated logistics and delivery infrastructure which provides patients with the medicines they are prescribed at every level of the NHS, a service which couldn't be provided by any other part of the supply chain.

Pharmaceutical wholesalers are also committed to meeting the needs of patients by making the supply chain even more efficient. To this end, and well before the emergence of the National Programme for IT in the NHS, our members have long invested in creating and installing computer systems for pharmacies to make ordering medicines quicker, safer and more effective.

## **Delivering medicines: cheaply**

And, as well as delivering medicines safely, efficiently and quickly, wholesalers also deliver cheaply. Typically, companies in the sector operate with net profit margins of less than two percent. Short line wholesalers take advantage of the fact that there are bigger margins to be made on certain products and concentrate wholly on them. However, full liners offer the entire range of 20 000 licensed medicines and remain committed to providing the NHS with a comprehensive service offering even unprofitable lines to its customers and not just the ones with the highest profit margins. Although under constant pressure from both suppliers, customers (see our briefing on pricing) and beyond, pharmaceutical wholesalers continue to provide a vital service to the NHS and its patients.

If you'd like any more information about what you've read, or if you'd like to learn more about the role of pharmaceutical wholesaling in the NHS, please get in touch with the BAPW using the contact details below.

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*Together...Delivering Quality Healthcare*

90 Long Acre, London, WC2E 9RA • Telephone: 0207 526 3600 • Fax: 0207 526 3699

Email: [info@bapw.net](mailto:info@bapw.net) • [www.bapw.net](http://www.bapw.net)

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