

# Nomeco HealthCare Logistics

Samples delivered  
by post

**Thumbs up  
for eLMK!**

## Can one system fit all?

The Danish  
Distribution  
Model faces  
challenges

**Dorte Brix:**

Managing Director, APOTEKEREN

# The pharmacy chain: Partner of the industry

## Thanks for a great match

By Henrik Kastrup, Director Nomeco HealthCare Logistics

For the past few years the month of November marks the start of the handball season for my nine year old son – and like most dads I spend a few hours every weekend cheering from the sideline. Although it is only a game between two teams of kids it is, of course, deadly serious and both teams want to win at any cost. Having said that, after the final whistle both teams line-up and one by one the guys shake hands and thank each other for a great match.

Looking back on 2009 this last issue of our newsletter also somehow marks the final whistle of this year's match – therefore I would like to thank you for all the great matches this year. 2009 has indeed offered a lot of tough, challenging and exhausting matches. But at the same time they were all educational, played fairly and fun – even those Nomeco somehow lost.

In a few weeks Christmas offers a chance to take a short time-out from all the matches. Therefore I would like to wish you all a recreational Christmas and a recharging New Year!...Enjoy reading!

Pharmacy Chains - are a win-win	2
Four chains share the market	4
General Practitioners: We like eLMK	5
The Danish Distribution Model - one system must fit all	8
New European weapon against counterfeit medicines	10
Nomecodagen	12

# Pharmacy chains

## - are a win-win situation

By Merete Wagner Hoffmann

“The chain lifts a large task off the pharmacies’ shoulders by taking care of the pharmacies’ range of non-pharmaceutical products and marketing of non-pharmaceutical products and OTC products. Correspondingly, the nearly 60 suppliers we work together with do not need to visit all pharmacies and negotiate assortment and marketing plans with each and every one. Instead they negotiate with the chain office. At the same time, they are ensured great commitment and loyalty to the agreements they enter into. For example, they can be sure that the product is available at the pharmacies and that the campaign and marketing plan is always carried out accordingly”.

This is partly how the Managing Director for APOTEKEREN, Dorte Brix, describes the advantages the chain provides to pharmacies as well as the pharmaceutical industry. The chain, APOTEKEREN, comprises 50 pharmacies with 1400 employees distributed between 84 pharmacy units.

### The industry's partner

Dorte Brix has previously held various positions through 12 years in the pharmaceutical industry and it is clear to her that the industry and pharmacies have coinciding interests – and they are attended to mainly by the pharmacy chains: “The pharmacies want their assortment to consist of professional, quality products and if the manufacturers live up to our requirements, they get a cooperation partner that is better equipped commercially. It is a win-win situation”.

She places great importance on the fact that previous years’ focus on purchasing strategies now coexists with strong focus on marketing. Today, the chain is a partner and not a financial opponent to the industry. Among other things, the chain helps to define which type of communication and activities need to be initiated - for example in order to launch a specific product and to present the product in the best possible way.

“At APOTEKEREN, we have chosen to not market the chain, but rather to use the industry’s brands and marketing material,” says Dorte Brix. APOTEKEREN has established an assortment with a strong focus on quality and customer expectations. Some of these products are included in one of the 12 campaigns that are carried out at the pharmacies every year.

### Additional sale in a professional context

For the members of APOTEKEREN, the goal is not to sell as many products as possible. Instead, the main focus is on selling the right product to the right customer, thereby ensuring customer satisfaction and future sales.

“It is important for the industry to understand that our pharmacies want to increase additional sales within a professional context. The pharmacies have a clear advantage when it comes to helping their customers find the product that is best suited for

them. This applies to both OTC products as well as non-pharmaceutical products. For example, if a pharmaceutical may cause dry mouth, the pharmacy has the knowledge to help the customer by offering a product that stimulates saliva production,” says Dorte Brix.

Therefore, it is important that the staff is trained to sell the products and that the products are actively marketed. “We must be certain that the staff is trained and well-informed in order to sell the products and that the manufacturers provide support for training. Therefore, we cooperate with the industry on further training for pharmacy personnel. Just this year 800 employees have completed courses of which some are sponsored by the industry. Furthermore, we carry out additional courses, which by law may not be sponsored. Here, the pharmacies themselves pay the course fees,” concludes the Managing Director.



Photo: Niels Jensen

### MANAGING DIRECTOR DORTE BRIX

is a trained nurse and has a HD diploma in Organisation and Management from Copenhagen Business School. She has worked as a hospital nurse for 6 years and joined GlaxoSmithKline in 1993. At GlaxoSmithKline she has had various jobs on different levels – among others, as pharmaceutical consultant with contact to doctors and pharmacies as well as manager of various departments. In 2002, she joined Nycomed where she was Market Director for generics and OTC products. In 2005, she became Managing Director for APOTEKEREN. Dorte Brix has also worked in various committees formed by The Danish Association of the Pharmaceutical Industry (Lif).

Publisher: Nomeco HealthCare Logistics - Borgmester Christiansens Gade 40 - 1790 Copenhagen V - Phone +45 36 45 45 36 - www.nomeco.dk

Editor-in-chief: Henrik Kastrup - Director, Nomeco HealthCare Logistics

Editor: June Kragelund - Market Coordinator

Layout: Christa Job

Impression: 600 copies

Printing: Kandrups Bogtrykkeri A/S

# Four chains share the market

Almost all pharmacies in Denmark are members of a voluntary chain

## A-apoteket

Association with 115 members.  
Chair: Hanne Bülow, Odder Apotek.  
Chain Director: Pernille Winther Jensen.  
www.a-apoteket.dk

## dit apotek

Cooperative with 60 members.  
Chair: Lene Damgaard, Køge Boholte Apotek.  
Chain Director: Carl Lynge.  
www.ditapotek.dk

## APOTEKEREN

Cooperative with 48 members.  
Chair: Per Wijngaard, Næstved Svane Apotek.  
Managing Director: Dorte Brix.  
www.apotekeren.dk

## Pharma+

Cooperation between 18 pharmacies.  
Chair: Poul Nissen, Trianglen Apotek  
No chain office

The number of members are estimated.  
Source: www.apotekerforeningen.dk

By Merete Wagner Hoffmann

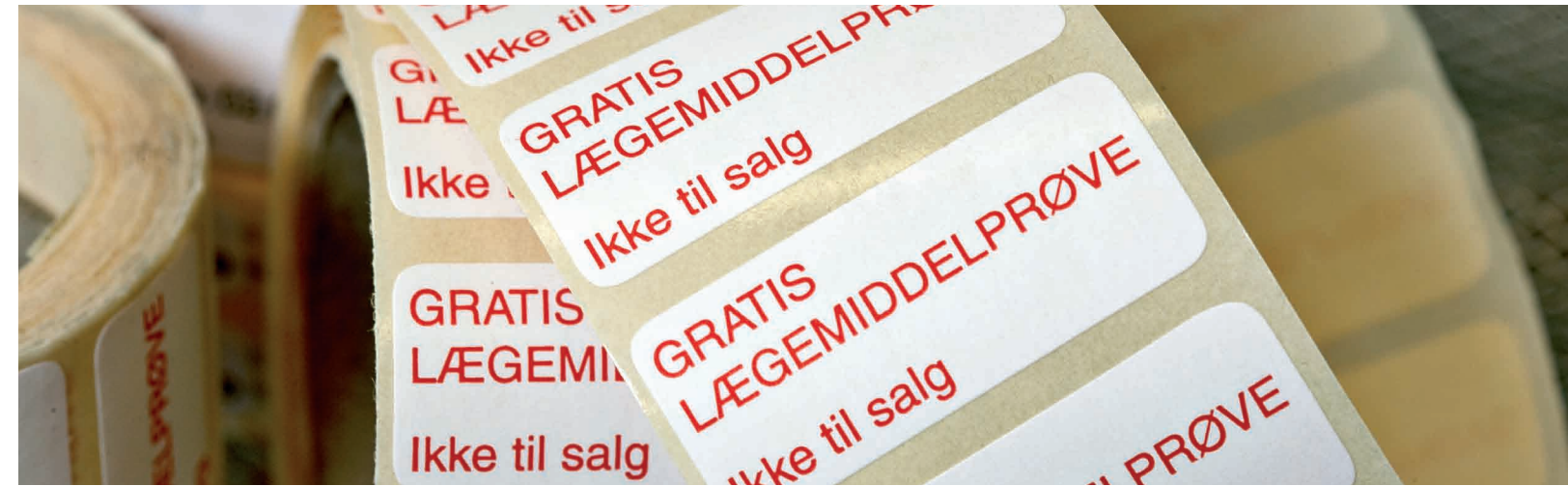
Basically all Danish pharmacies are today members of one of the four voluntary pharmacy chains, which in recent years have had increasing importance for the Danish pharmacies – among other things, because they provide a good financial subsidy to the pharmacies' hard-pressed economy. Today, only four pharmacies are outside of the chain cooperation.

There is no large financial difference in being a member of the various chains. Typically, the pharmacies select a chain according to who they like to work with and which chain policy they prefer.

The chains distinguish themselves from each other on several areas – for example, not all of them market the chain to the consumers. The chains also have a number of common features and all have focus on the purchasing of branded goods such as skincare and vitamins. Within this group, the chain negotiates various financial agreements with the manufacturers.

The chains also make agreements with the manufacturers to market OTC products but according to the law, providing discounts is not permitted. Within the pharmaceutical area, it is important that the pharmacy does not give preference to one product instead of another – not even if the product itself is liberalised and may also be sold outside of the pharmacies.

Nomeco cooperates closely with three of the four chains and supports, among other things, the agreements the chains enter into with the industry. The members of these chains can freely choose which wholesaler they use to supply the products that are included in the chain's range. Because by far the majority of free trade products that are sold at the pharmacies are purchased via the chains, the chains have become important gate-keepers to the market. Currently, Nomeco does not include branded products in its range unless it is of interest to the chains. ■



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## Samples delivered by post - Nomeco offers two solutions

By Karin Humle

It all started in 2006 when Nomeco was contacted by a pharmaceutical company with an urgent need for help regarding sampling in the Danish market. Increased focus from the Danish Medicines Agency on the regulation being complied with led to a demand for administrative procedures that could work with “zero failures”. Based on the companies' needs Nomeco developed eLMK.

The solutions from Nomeco differ somewhat from the traditional solution where the rep has a box with several samples in the car. With regard to the administration of “only one product per doctor per year”, this is handed over to Nomeco.

The majority of companies that subscribe to the eLMK solution choose eLMK Direct which is the solution that differentiates the most from the traditional way of handling samples. This made us curious to obtain information about the perceptions from the real world and we learned the following from an interview with a general practitioner (GP) and a sales representative (rep).

### eLMK Direct

- The rep visits the doctor and receives a signed requisition
- The rep sends the requisition to Nomeco
- Nomeco handles all requisitions and ensures that the pharmaceutical company is in compliance with the rules (only one product per doctor per calendar year)
- Nomeco delivers the samples directly to the doctor on behalf of the supplier

### eLMK Rep

- The rep orders samples at Nomeco
- Nomeco delivers the samples directly to the rep
- The rep visits the doctor
- The rep gives the sample to the doctor personally and receives a signed requisition
- Nomeco handles all requisitions and secures that the pharmaceutical company is in compliance with the rules (only one product per doctor per calendar year)



## The GP:

### Reps are an educational source

**Christian Freitag** finished his education as a medical doctor in 1995 and as a specialist in general practice in 2002. The clinic participates on a regular basis in research and education & training and this is essential for all, both as a team and as individuals. For many years, Christian has educated both employees in the pharmaceutical industry as well as doctors and nurses in the public sector.

Christian Freitag and his clinic in Holte have chosen to dedicate time to reps. The clinic has decided to use them as an educational source and the criteria for rep visits depends on the topic and not so much on the specific product. If the clinic has focus on e.g. diabetes, reps covering diabetes are the ones who get to make the visit. Product sampling is often a part of a rep visit.

“It is my perception that the pharmaceutical companies’ focus on being in compliance with the rules has increased. This leads to more tedious paper work for the rep – at least for some of them. The paper work takes up valuable time - sometimes up to five minutes out of the 30 minutes visit. We appreciate the free sample but we would rather learn more,” says Christian. “Sampling is best when it is done smoothly.”

He finds there are both pros and cons regarding receipt of the free sample via post compared to receiving it directly from the rep.

## The rep:

### eLMK made our job easier

**Birgitte Vesterdal**, Sales Representative at MSD. Birgitte has worked several years for MSD. She is a trained nurse and is currently covering the Western region of Zealand and Funen.

Birgitte Vesterdal, Sales Representative at MSD, knows what she is talking about when it comes to different ways of handling samples. She has experience with both the traditional way of handling samples as well as with eLMK Direct. And she was part of the implementation of eLMK at MSD.

“When the sales team learned that they had to use eLMK the attitudes were ambivalent. Some were anxious that they would lose an opportunity to visit the GP, either the visit where the GP receives the product or a follow-up visit (“how did the product work”). On the other hand we all looked forward to getting rid of all the paper work,” she explains.

The implementation went well when you ignore a few technical issues in the beginning. “It turned out that we are not losing any visit opportunities. Previously we gave the product at the same visit we got the signature and due to the fast sending out of samples at Nomeco, follow-up is easy.”

“The benefit of receiving the sample when the rep is still present is the opportunity to actually see and feel the physical product. The benefit from receiving the sample via post is the reminder function. Receiving the sample is like an extra visit including promotion of the product.”

Christian has the following good advice in relation to eLMK:

- Make sure the rep brings an example of the physical product for the visit
- Make sure the rep is trained to handle the paper work smoothly
- Make sure that the time lapse between the sales representative visit and receiving the product is no longer than 2-3 weeks.

Today all reps at MSD favour eLMK compared to the traditional sampling method. The benefits are several and Birgitte mentions these:

- Reduced time spent on tedious accounting
- No time at all spent on finding faults
- Theft from the car is no problem in respect to samples
- Always a high quality sample - previously, the sample might have been exposed to both high or low temperatures
- The option to enclose a leaflet with the sample

“And getting visits from the Danish Medicines Agency is no “big deal” as dual delivery and failures are non-existent,” she adds. ■

## General Practitioners: We like eLMK

Nomeco has asked GPs who receive samples by eLMK how they benefit from the system. Asking the key users is the best way to improve the way we do it.

You can be sure you only receive one sample per year and that you thereby are in compliance with the rules. This is the main advantage with eLMK according to a new report from Nomeco based on a questionnaire among GPs in Denmark. The questionnaire was sent to 300 GPs throughout the country and almost 25% participated.

The overall impression is that the GPs are satisfied with getting the samples by post. In that way they can choose to open and handle the samples whenever it suits them. The system is regarded as safe and without any risk for the sample.

Getting the samples to the GP without damaging the package is an important issue for Nomeco. Therefore we asked the GPs how often they have received a package with a damaged sample. To our satisfaction almost 9 out of 10 GPs answered that they have never received a damaged package. The remaining answered “seldom” meaning 1 package out of 10 or 1 out of 5.

Approximately half of the GPs don't are neutral whether the sample is damaged from the transportation by post. They give the sample to the patient anyway. 3 out of 10 normally throw a damaged sample away, and the remaining either send it to the pharmaceutical company, return it to Nomeco or give it to the pharmacy.

Nomeco changed the outer package in summer 2009 to prevent damages. The majority of GPs find this new outer package fine and only 6% find it too big. In Nomeco we continue to look for an even better solution keeping in mind that the sample ought to be intact on arrival.

All in all, the answers tell us that sending the samples by post is safe. But the answers also point out that we might have a task helping the GPs how to handle the few damaged packages. The reps might also benefit from explaining the GPs about the advantages related to receiving samples by eLMK.

# The Danish Distribution Model

- One system must fit all



Photo: Niels Jensen

By Henrik Kaastrup

The most significant change in Nomeco this year has been the redesign of our distribution setup towards private pharmacies. In early spring we announced a change in our rebate program rewarding all pharmacies that could accept only to receive one daily delivery from Nomeco.

At first the change from two or more daily deliveries to a "once daily" delivery scheme was received with scepticism and doubt by the pharmacies but fortunately most pharmacies have now embraced the new delivery scheme which results in fewer interruptions during the day and less stressful working hours.

The "once daily" delivery scheme was triggered by an increased pressure on Nomeco's wholesale distribution margin from all segments in the pharmaceutical industry. Of course there has

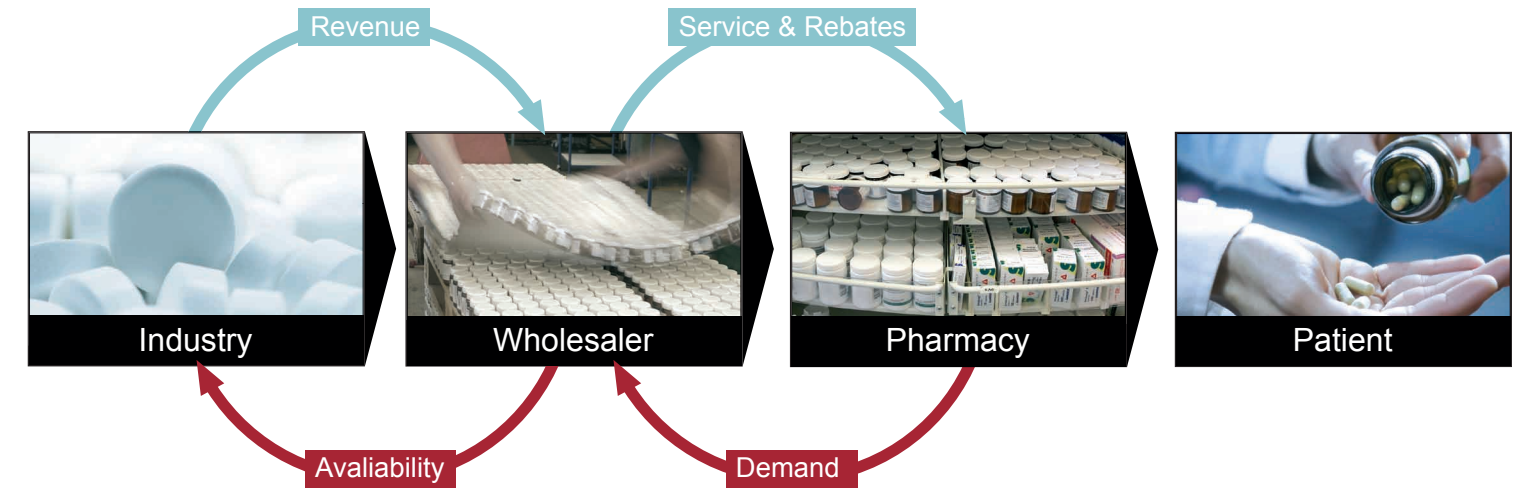
In the editorial of the November 2008 issue of this newsletter I took a wild guess and announced that 2009 would be "a year of change" – and although there is still a few weeks left – 2009 has definitely been a year of changes.

always been a pressure on the margins. But the dialogue changed radically from a straight forward negotiation into a far more strategic debate on how the overall distribution setup towards pharmacies should look like from the industry's point of view.

### The Danish model

In Denmark, key elements of the distribution model on pharmaceuticals are: full-line wholesalers, product neutrality, company neutrality and cost related rebates to pharmacies. These key elements of the unique Danish Distribution Model secure a highly effective and safe distribution of pharmaceuticals.

For decades Nomeco has supported the Danish Distribution Model. We strongly believe it is one of the world's most effective systems - not least in regard to costs and patient safety. And as long as



there is a political majority in favour of defining the distribution of pharmaceuticals as being part of the healthcare sector and not the retail sector we will keep defending the Danish model.

Over the years the pharmacy legislation – i.e. substitution - has become more complex. Although the full-line wholesalers are not directly mentioned in the legislation, we believe that we are a vital link in the healthcare supply chain. Judging from the reaction from many pharmacies when we announced the "once daily" setup, the wholesalers are certainly a vital partner to the pharmacies.

So, from Nomeco's point of view the Danish model is based on a delicate balance spanning very diverse interests in the supply chain: From the pharmaceutical industry via the full-line wholesalers to the pharmacies and the hospitals. Consequently, we are forced to look at the needs and demands in the whole supply chain, although the physical distribution, services and rebates provided by Nomeco are financed by the distribution margin negotiated between Nomeco and the individual pharmaceutical companies.

Therefore, every time Nomeco negotiates distribution margins we are forced to keep the needs of the pharmacies in mind leaving room in the margins not only for Nomeco's profit, financing and operational handling but also rebates and services which are vital for the Danish pharmacies.

### One system must fit all

Of course most pharmaceutical companies are fully aware of the Danish model and the fact that from a macro perspective parts of the distribution margin are indirectly co-financing the pharmacies and hence the healthcare sector in

general. Nevertheless, in current times of financial stagnation, margin negotiations are becoming increasingly problematic due to the obvious gap between the above mentioned macro perspective and the wishes of the specific companies.

Another structural challenge which Nomeco needs to handle is due to the fact that the industry has changed dramatically over the past years. Nowadays the industry is no longer one

third channel there would be no return right on parallel imported products at all.

Unfortunately running three or more separate distribution channels would be a nightmare in regard to both logistics and quality assurance and hence very cost in-effective and it would make no sense at all at the pharmacy level. Therefore, Nomeco is forced to try to adjust our wholesale service to meet the average need in the

“Nomeco has started a journey towards a less expensive distribution model as a consequence of the demand for lower distribution margins expressed by the pharmaceutical industry.”

homogenous industry focusing on the primary sector but a diverse industry split into at least three segments. And pharmaceuticals are no longer relatively homogeneously priced products aimed at the large lifestyle related illnesses but are highly diverse products with huge differences in price, handling demands and order flow.

If Nomeco is to meet the needs and requirements of the industry we should at least split our distribution setup into three separate channels with a highly differentiated service level. For example, one channel should ensure that the branded originals are available in the pharmacies on a day-to-day basis. Another channel would only deliver generics once every two weeks. And in the

pharmaceutical industry but at the same time keep the overall balance in mind as described earlier – one system must fit all.

In conclusion, Nomeco has started a journey towards a less expensive distribution model as a consequence of the demand for lower distribution margins expressed by the pharmaceutical industry. However, at Nomeco we feel a strong obligation not to challenge the Danish model by uncritically cutting down on service towards the pharmacies. It will take a great deal of time to eliminate costs in the supply chain in a balanced way, but we invite all parties in the supply chain to give input and participate in the journey towards a new version of the Danish Distribution Model. ■

# New European weapon against counterfeit medicines

## Swedish trial with 14 manufacturers



The European Federation of Pharmaceutical Industries and Associations (EFPIA), which take care of the original manufacturers' interests in

Europe, have selected Sweden as the trial country. From the middle of September and 4 months ahead, 25 selected products from 14 different manufacturers will have data matrix codes applied. There are, exceptionally, the two wholesalers in Sweden that will be responsible for the labelling. The more than 100,000 packs that are part of the trial will be sold via 25 pharmacies in the Stockholm area.

Nomeco is part of the Tamro Group and will be following the trial closely. Nomeco is also represented in the organisation GS1 Denmark, where together with hospitals, industry, pharmacies and the other sections of the healthcare system, work will be done on finding the best labelling solution for Denmark. Among other things, GS1 Denmark proposes that pharmaceutical products should also be supplied with a code on the primary packing, which will provide hospitals with great advantages in the form of bed-site identification.

In addition to the finances, a number of questions will arise of an ethical and competitive character – for example, whether the patients are guaranteed anonymity and how parallel imports can function with this registration right down to packing level. These and many other questions must be expected to be on the agenda if the pilot project in Sweden is a success.

A joint European labelling system has been initiated, which identifies medicines right down to packing level. Trials are currently being conducted in Sweden.

By Merete Wagner Hoffmann

A small data matrix – similar to a barcode – which individually numbers each pack of medicines will be an important means against counterfeit medicines and the raising of patient protection. These are the expectations for a new project which is currently being run as a pilot trial in Sweden. If the trial is successful, we will probably see 2D codes of the data matrix label being a part of legislation within a time horizon of 5 years across most of Europe.

### Identification at packing level

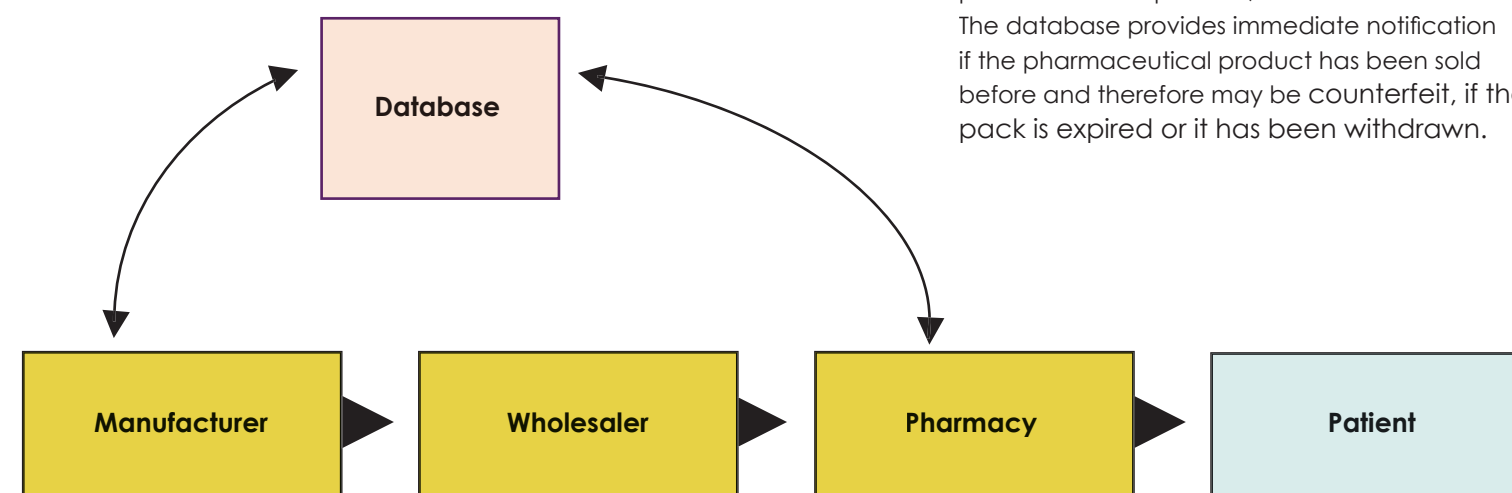
The data matrix that we know today from, among others, veterinarian medicines, can contain more information than the more commonly used linear bar codes. In this project, the data matrix does not just contain the product code, batch number and expiry date. It also contains a series number, which can identify the individual pack so every single pack becomes unique.

If the project takes off, manufacturers will provide every single pack with a code and the information will be placed in a joint European database. When the pharmacy dispenses the pack, the code is scanned and this is registered once again in



### Data matrix code

The manufacturer supplies all pharmaceutical products with a data matrix, which identifies the pharmaceutical product at packing level. This is reported into a central, European database. When the pharmacy dispenses the pharmaceutical product, the code is scanned. The database provides immediate notification if the pharmaceutical product has been sold before and therefore may be counterfeit, if the pack is expired or it has been withdrawn.



the database. If the pack is to be withdrawn or has expired, a warning is shown. The database also provides notification if the pack has been dispensed before and thus may be counterfeit.

“The data matrix will be insurance for the manufacturers, for the wholesalers, for the pharmacies and for the patients,” says Supply Chain Manager, Thomas Malmström, from Tamro Sweden. So far, the pharmacies’ experiences have been good. According to CEO of Apoteket AB, Stefan Carlsson, the system is easy for the pharmacist to use with no significant delays for patients.

### Can be traced across all of Europe

This pilot project is part of EFPIA’s response to the European Commission’s proposal for the mass serialisation of medicinal products, as part of a range of measures to protect EU citizens from the

serious threats posed by counterfeit medicines. And a great deal indicates that data matrix is an inexpensive, effective and workable solution across national borders.

Turkey is a giant stride ahead of all other countries with this technology. Here, the data matrix is already part of the legislation. The plan is that the remainder of Europe will follow and that the same, common standard for the labelling will be chosen. Thus, pharmaceutical products will be traceable all over Europe right down to packing level.

Thus, pharmaceutical products will be traceable all over Europe right down to packing level.

### RFID tag is an expensive solution

It will possibly be a surprise to some, who had counted on the so-called RFID tag being chosen as the common label at packing level. The advantage of RFID (short for Radio Frequency Identification) instead of data matrix is, among other things that it can be read from a distance. As such, it would

be much easier to, for instance, calculate stock, monitor a stock area or read a shopping basket where the products have a tag applied.

However, according to Thomas Malmström we will be well into the future before this becomes a reality at the country’s pharmacies and hospitals. “The costs are too high with RFID compared to data matrix, which is a relatively inexpensive technology,” says Thomas Malmström. For instance, it costs about 0.1 cent to place a data matrix on a pack, whilst an RFID tag mounts up to about 10 cents.

Moreover, RFID requires quite expensive equipment all the way through the supply chain and there are some problems in reading the tag in connection with liquids or metal. The equipment that is to read data matrix is, on the other hand, not as complicated and expensive but there will be expenses to manage the system and to build up the database. Who will pay this bill has not yet been announced - but a good guess is that the pharmaceutical industry will. ■

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January 28, 2010

## Nomecodagen

It is our pleasure to announce that Nomeco HealthCare Logistics will invite decision-makers from the Danish pharmaceutical industry to a half-day conference with focus on the changing market conditions and the possible consequences for the unique Danish Distribution Model.

The program is still "under construction" but we aim at being able to present a broad range of

speakers from the industry, hospitals and pharmacies. Furthermore, we will also take a close look at what is happening in Norway and Sweden as examples of alternatives to the Danish Distribution Model.

If, for some reason, you have not received a personal invitation by now, please visit our conference website for further information: [www.nomecodagen.dk](http://www.nomecodagen.dk)

## Nomecodagen

January 28, 2010

The Danish distribution model  
- does it meet the future? →

**Nomeco**  
HealthCare Logistics