

# Order Fulfillment

## Reducing the need for emergency procurements

*Procuring life-saving medicines and other supplies for HIV/AIDS requires careful planning and a long lead time to ensure an adequate supply of commodities. Lack of planning can lead to emergency situations that escalate costs and risks. The Supply Chain Management System (SCMS) offers our clients a systematic, well-planned, transparent approach to order fulfillment that reduces the need for expensive emergency procurements. We work closely with clients and vendors to ensure that programs get the appropriate pharmaceuticals and supplies—how, when, and where they need them—at the best value.*

### The Challenge

Health officers and program managers for HIV/AIDS care and treatment programs face significant challenges when procuring essential commodities:

- Ensuring availability of medicines and supplies when they are needed
- Navigating customs clearance and preparing the proper documentation
- Handling the hazards of emergency procurement situations, from higher costs to potential stockouts

In ensuring adequate supply and avoiding emergency procurement, health care programs need to accurately plan requisitions, procurement, fulfillment and shipping.

### Meeting the Need

SCMS organizes order fulfillment into a four-step process to streamline the process for essential HIV/AIDS commodities:

**Step 1. Receive a requisition.** Clients complete a SCMS requisition order indicating their required commodities and quantities, the requested delivery dates and

the delivery location. Clients can use our e-catalog for product descriptions, identifiers, pricing or specifications. Special requirements such as product labeling, shipping instructions and customs clearance documentation are captured at the outset. From order placement to pickup and delivery, the SCMS logistics management information system uses a real-time track and trace system—enabling all parties to know what will be delivered, how and when.

A systematic, well-planned approach to order fulfillment reduces the need for costly emergency procurements.

**Step 2. Plan the order fulfillment.** Next, we determine whether commodities will be taken from existing stock at our regional distribution centers (RDCs), procured from a vendor, donated or sourced locally.

Many antiretrovirals, rapid test kits and frequently requested medicines for opportunistic infections and for sexually transmitted infections are procured under Indefinite Quantity Contracts (IQCs) and are stocked in

our RDC network. This procedure shortens delivery times from many months to within one month for planned orders.

Items that are infrequently procured, unique or readily available are procured for direct delivery from vendors. Because these products require a much longer time to deliver, SCMS helps clients with advance planning.

**Step 3. Plan the procurement.** In this step we determine who will purchase the commodities for those items without an IQC or will solicit donated products to fulfill the order. We leverage the expertise of our three procurement services agents (PSAs)—Crown Agents Consultancy, IDA Solutions, and MAP International—to complete the procurement or arrange the donation. A PSA issues a tender, analyzes the bids, prepares US government waivers (if required) and issues purchase orders. Restocking plans are prepared for RDCs, and manufacturers are notified about future replenishment orders, thereby updating previous forecasts.

**Step 4. Plan freight forwarding.** This final step includes shipment planning, scheduling and delivery to recipients:

- Determine the least-expensive shipping option that will satisfy the client.
- Document how items will clear customs, including required paperwork.
- Describe security measures.
- Detail the delivery location and timing, as well as special instructions and how delivery will be confirmed.

On a case-by-case basis, SCMS may request a preshipment inspection at the shipment origin, which will be conducted by a qualified third-party provider. The SCMS quality assurance team prepares a scope of work and inspection strategy in such instances.

Once the products are ready, SCMS arranges for pickup, consolidation or both of goods, along with their transportation. The shipment is tracked from point of origin until destination.

The recipient receives goods either from the RDC or by direct shipment. An SCMS representative confirms with

the recipient and client that the delivery has been completed satisfactorily and then closes the order with a goods receipt note. Any concerns raised by either party are immediately addressed.

## Sustained Benefits

By combining demand across all client requisitions, SCMS leverages volume purchasing to obtain the best-value products for our clients. This fulfillment approach also enables vendors to optimize their production schedules. By effectively communicating with our clients at all steps in the process, SCMS is well positioned to respond to client needs. With an integrated supply chain and the ability to manage the order from initial quantification to full delivery, SCMS clients benefit from enhanced visibility of their orders, increased flexibility and greater confidence in having an uninterrupted supply of essential commodities.

## ABOUT SCMS

The Supply Chain Management System (SCMS) was established to collaborate with in-country and global partners to ensure a reliable, cost-effective and secure supply of high-quality medicines and health products for HIV/AIDS prevention, care and treatment. SCMS is funded as part of the US President's Emergency Plan for AIDS Relief through the US Agency for International Development. Visit [www.scms.pfscm.org](http://www.scms.pfscm.org) or write to [scmsinfo@pfscm.org](mailto:scmsinfo@pfscm.org) for more information.

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