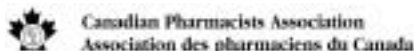


EFFICIENT CONSUMER RESPONSE FOR THE PHARMACY SUPPLY CHAIN



FCPMC · FPACC



ECCnet MOMENTUM CONTINUES WITH Rx

The first half of 2002 has seen industry tremendous uptake of ECCnet, Canada National Product Registry. Twelve more Retailers/Distributors have engaged with ECCnet since the beginning of the year, bringing the total to 27.

Engaged Retailers and Distributors:

A. de la Chevrotiere Ltee.

Bridge Brand Food Services Ltd.

Canada Safeway Ltd.

Co-Op Atlantic

Federated Co-operatives Ltd.

Flanagan Foodservice Inc.

Gordon Food Service

H.Y. Louie Co. Ltd.

Katz Pharmacy Services Inc.

Kohl & Frisch Limited

Lawtons Drug Stores

Lanzarotta Wholesale Grocers Ltd.

Le Group Jean Coutu (PJC) Inc.

Loblaw Companies Ltd.

London Drugs Limited

Longo Brothers Fruit Market Inc.

McKesson Pharmaceutical

Metro Richelieu 2000 Inc.

Pharma Save

Quality Foods

SERCA Foodservice Inc.

Shoppers Drug Mart

Sobey's (Ontario) Inc.

Summit Food Service Distributors

The Great Atlantic & Pacific Co. of Canada Ltd.

Thrifty Foods

Wallace & Carey Ltd.

In April ECCnet hosted two ECRx Information Sessions in Toronto and Montreal. Sélim Toutounji, Director of Distribution for Wyeth Canada and Gordon Ferguson, Director, Business Partner Solutions for McKesson Pharmaceutical, co-facilitated these well-attended sessions. Toutounji summarized the sessions well: "ECCnet came up with a very easy, simple Excel spreadsheet with all the data elements needed for the Rx group." The Rx community heard the message loud and clear. Data Synchronization provides cost savings for trading partners. ECCnet is the new way of doing business in the Canadian Pharmacy, Grocery and Foodservice channels.

ECCnet is the standard condition of trade for Canadian Retailers and Distributors. To find out more about what you need to do to get engaged contact ECCnet today at www.eccnet.org.

“ONE-BOX” PILOT - AREAS TO BE COVERED

One box concept – high level overview

1. Retailer identifies that a product is not saleable and is returnable
(see one-box product inclusion)
2. Retailer places product in a designated box
3. For audit purposes, at intervals, retailer scans or records the contents of the box
4. Tote box is shipped to a returns management facility (RMF)
5. At the RMF, goods are verified and payment issued electronically to retailer
6. RMF debits manufacturer account
7. RMF disposes of goods according to applicable laws and regulations, or by ships goods back to the manufacturer.

Pilot Participants

- Retail participants up to a maximum of 30 stores.

Confirmed retailers to date:

Zellers to provide a national perspective
Lovell Drugs in the Oshawa/Peterborough area - small, regional perspective
Pharma Plus to represent traditional retailer perspective
Consideration of one independent retailer

- Pharmaceutical and Non-Prescription Drug Manufacturers
- Third Party Returns Management Facility(ies)
- Pharmacy Distributor(s)

Key Pilot Components

- Develop the process, procedures and tracking mechanisms for the entire pilot
- Create an industry one-box procedural manual
- Provide analysis of before and after costs
- Co-ordinate all details of the pilot between the retailers, Rx & OTC manufacturers, pharmacy distributors and 3rd party reclamation centre.
- Organize an RFP process aimed at identifying the 3rd Party Reclamation Centre that will participate in the pilot
- Organize the communications strategy to inform manufacturers about the pilot project and how it impacts on their service to the retailers involved
- Identify all efficiencies realized through the one-box systems
- Identify all the inefficiencies realized due to the one-box system
- Determine the root causes of products contained within the one-box– “products included”
- Determine accountable party for root causes (retailers, distributor or manufacturer)
- Identification of critical actionable/measurable data for retailers, wholesaler and manufacturers
- Develop a reduction strategy (benchmark mechanism)
- Provide an “expert opinion” on the interpretation of the overall results

Pilot Duration

- 12 months maximum to capture relevant data and complete a proper analysis.

ECRx RETURNED GOODS/UNSALEABLES PILOT PROJECT

UNSALEABLES DEFINITION:

Product determined to be unfit for sale and thereby removed from the primary distribution channel.

ONE-BOX PRODUCT INCLUSION:

- Pharmaceuticals (Rx)
- Over the Counter Drugs (OTC)

PRODUCTS INCLUDED:

Product must be expired, have defective packaging/ labels or be improperly sealed from the manufacturer to be eligible for credit on returns.

PRODUCTS NOT INCLUDED

FOR THE PILOT:

Controlled substances, narcotics, biological products, product overstock, recalls, withdrawals, order in error, damaged in shipment, broken cold chain, razor/torn, shopworn, seasonal/promotional/special orders, guaranteed sale, plan-o-gram changes, manufacturer packaging changes, and pilferage products.

RETURNED GOODS/UNSALEABLES INITIATIVE HEADS FOR PILOTING

A variety of consulting firms have been short-listed to supply proposals to manage the ECRx Returned Goods/ Unsaleables pilot project. A final selection decision is scheduled for the end of June.

The pilot will first examine and capture facts about the existing Rx & OTC returns process. This data will then be used to compare the differences in productivity and cost once the “one box” concept is incorporated.

We will keep you posted as the pilot unfolds.

ECRX STRIKES CUSTOMER SERVICE TASK FORCE

On May 23, 2002 the ECRx Customer Service Task Force, initiated by the ECRx Steering Committee, met with a mandate to assist in the development of a standardized industry scorecard and benchmarking audit system to measure Customer Service Levels.

In the first meeting of the Task Force, it was noted that the timing to measure service delivery levels is opportune, given the members perception that General Merchandise and HABA are at its "best levels ever", OTC is "not bad" and that Rx is at its "lowest levels ever"

Some areas identified as contributing to service problems with Rx products included:

- Mergers
- Strict FDA & Health Canada Regulations
- Reliance on single-source Ingredient Suppliers
- Size of the Canadian Market

Customer service problems with other products included:

- Raw material delays
- Obtaining DIN numbers
- Forecasting problems

Out of stocks also give rise to customer service issues that pose a health care delivery and safety concern. In addition, they lead to poor productivity as distributors, retailers and suppliers can become overly focused on service level issues. Moreover, consumers perceive out of stocks as poor management on the part of the retailer.

The standardized industry scorecard recommendation is that one scorecard should be used for all categories measuring Manufacturer to Distributor and/or Retailer customers for all domestic lines.

The scorecard's primary method of calculation will evaluate Line Fill which compares the number of lines filled completely to the number of lines ordered. It will also measure Unit Fill- comparing units delivered to units ordered - and Dollar Fill-comparing dollar value delivered to dollar value ordered.

The scorecard will cover all items, including what is in current catalogues, repeat orders and orders in error, with the exception of items that are discontinued.

The Customer Service Task Force will present its findings to the ECRx Stakeholder Committee and meet again to look at a structure for a pilot project to test the scorecard.

GTIN SUNRISE 2005 - WHAT DOES IT MEAN TO YOU?

Due to the increasing use of the EAN-UCC numbering system (bar codes) to identify trade items in supply chains around the world, the international standards setting bodies have agreed to a Sunrise date of January 1, 2005 for a global 14 digit data structure numbering system.

The ECCC together with the Uniform Code Council (USA) have announced that all North American retailers and trading partners who presently scan the 12 digit U.P.C. symbol (at the Point of Sale) should be capable of scanning EAN 13 digit **symbols** by January 1, 2005 and furthermore are recommending that North American companies update and expand their databases, systems and applications to accept **data structures** up to 14 digits in length.

Significance for Canadian Companies

Canadian Retailers and Distributors will need to change product databases and price look-up files to accommodate 14 digit codes. Importers will no longer need to apply for 12 digit U.P.C. codes to sell products in North America.

Canadian manufacturers and suppliers will continue to use their 12 digit U.P.C. code.

For more information on the Sunrise Date or the Global Trade Item Number (GTIN) please contact Karon Darbyson at ECCC 416-510-8039 ext. 2280 or visit the GTIN information on our web site at www.eccc.org/public/barcodes/gtin

Don't Wait until 2005!

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