Inventory Huddle #3
April 17, 2020

During the call, please submit questions via the WebEx window or to solutions@amerisourcebergen.com.

Please dial-in to hear audio 1-866-338-0152 Passcode: 733 677 44 #
Today’s Speakers

Kara Poole
Vice President, Strategic Accounts

Heather Zenk, RPh, PharmD
Senior Vice President, Replenishment & Manufacturer Operations

Keyvan Nekouei, PharmD
Director, Account Experience & Clinical Services
Pfizer Spotlight: Welcome, Andrew Noval

Andrew Noval
Senior Director/Team Lead, US Account Management, Trade Accounts
Hospital Business Unit
Biopharmaceuticals Group
Pfizer
Supply Lagging behind Demand
(especially in the hot zones and for key product categories)

“Demand for Ventilator Drugs ‘Unprecedented’ ”, April 9, 2020

Vizient analysis of 13 critical sedatives, opioids, and paralytic drugs
- Similar findings to AmerisourceBergen in terms of supply lagging behind demand

COVID-19 impact on sedative and anesthetic purchases
91% increase in demand for March

Fill rate drops to as low as 48%
### Surge Demand Context

- **Antimalarials**: (hydroxychloroquine, chloroquine, and quinine) – in one month’s time, we saw demand increase $11.3x$ (1130%) for antimalarial drugs. Customers were asking for what’s historically been **6.3 months’** worth of inventory in one month.

- **Albuterol**: the demand for albuterol increased by **390%** from the end of February to the end of March. In one month, we were being asked to deliver what has traditionally been **2.3 months’** worth of inventory.

- **Hand sanitizer**: as consumers across the nation prepared for normal cold/flu season and COVID-19, we saw a surge in ordering of hand sanitizer well above historical levels. From January through the end of March, demand increased by **610%**.
Understanding Current Supply during Shortage Situations

**Illustrative Example:**
- Current Demand (March-April Order Levels – 33% COVID surge) = 2000
- Wholesaler Inventory (based on 100% January-February Usage) = 1500
- Current Backorder = 500
- Manufacturer Resupply (based on 100% January-February Usage) = 1500
- New Order Fulfillment = 1000
- New Shortfall/Backorder = 1000

Wholesaler has most current vantage point for both supply and demand
Allocation Methodology

• New article on allocation at AmerisourceBergen.com/Insights
• Temporary policy: No permanent allocation overrides
  • This ensures we are not further straining allocation quantities for other sites of care
  • One-time allocation overrides: Continue to work with Customer CARE if you don’t have purchase history, need one-time override, etc.

Short-Dated Product Availability

• Working with manufacturers to identify and source short-dated product for high-demand items
  • Completed inventory of our DCs for short-dated product
 During a normal week, we may distribute 4 to 5 million products daily, depending on day of the week. From March 12 – the day the Coronavirus was declared a global pandemic – to March 15 – when stay-at-home orders started rolling out across the country – we went from distributing 4.3 million products on 3/12 to nearly 6.5 million on 3/15. A nearly 50% increase in a matter of days.

 Overall inventory demand (quantity shipped) is normalizing, but may surge at 90-day mark

 Delivery Accuracy: As of April 3, we are back to hitting our delivery time accuracy goals (deliver within 30 minutes of scheduled delivery at least 97.5% of the time).
Updated CDC & Regional Guidance

• AmerisourceBergen is encouraging our Distribution Center workers to wear a mask while in our facilities
  ✓ Whenever possible, we provide surgical masks or other non-N95 masks to our associates, but very difficult to source
  ✓ We are also sourcing cloth and tools for our associates to make their own masks, as even surgical masks are in short supply

• On April 8, AmerisourceBergen initiated a pilot to temperature test associates, in one of our Distribution Centers to prepare in case those standards need to be implemented across our network. We expanded the pilot this week (week of April 13th) and will continue doing so in accordance with State and regional guidelines.
We are united in our responsibility to create healthier futures.
Q & A

Please submit questions directly in the Skype window