



"Building the Foundation for Future of Supply Chain of Biopharma:
The Business Imperative for Cost-Effective Quality Patient Care"

BIOTECH SUPPLY CHAIN ACADEMY



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Risky Business

Today's Worldwide Operations Supported By Global Supply Chains

Panel Discussion

Kenneth Duval-Associate Director Supply Chain, Shire Pharmaceuticals

Erika Banks, Supply Chain Risks Manager, Life Technologies

Roger Estrella, Supplier Continuity and Sustainability, Genentech





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Agenda

- Introduction To Topics
- Impetus For Risk in the Supply Chain
- Where to Start?
- Why NOT just react?





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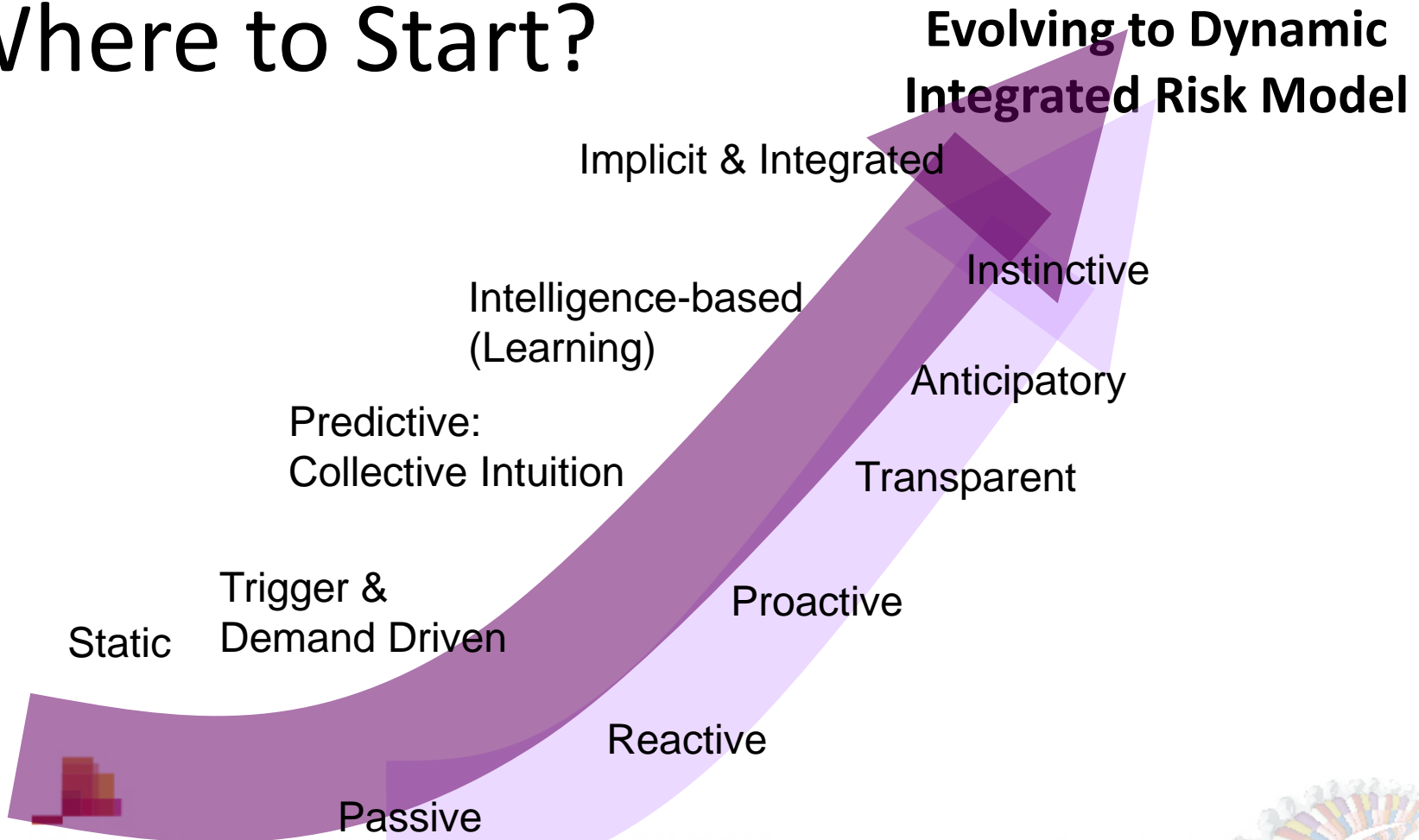
Impetus for Risk in the Supply Chain

- Global Expansion
- Global Population Growth
- Global Weather Trends
- Global Currency (Relativity Index)
- Global Supply Dependency
- Global Information Access Points
- Global Politics
- Global Security Concerns



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Where to Start?





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Why NOT Just React?

Total Cost Models Must Account for Risk

Economic & Financial

Economic Collapse
 Currency Devaluation
 Labor unrest, strikes
 Labor Shortage
 Major Market Fluctuations
 Quick Decline in earnings
 Hostile Takeover
 Negative Cash Flow
 Bankruptcy
 Financial/Bank Collapse
 Other investment failings

Political & Social

Government Policy Change
 Imprisonment of employees or family members
 Regulatory Change
 Civil Unrest
 Martial Law

Brand/Org Reputation

Product & Service
 •Liability, recall & failure
 •Obsolescence
 •Counterfeiting
 Organization
 •Ethics or Moral Violations
 •Improper Business
 •Legal Issues
 •Black Market Dealings

Weather & Nature

Hurricanes, Cyclones, Tornadoes & High Winds
 Typhoons and Torrential Rains
 Earthquakes & Volcanoes
 Rising Water, Tidal Waves & Tsunamis
 Extreme Heat/Cold
 Global Climate Change
 Wildfire
 Mudslides and Sink Holes

Environment & Human Condition

Chemical, biological, radioactive & nuclear spill
 Fire/Explosion
 Water Contamination
 Public Utility Failure
 Emissions & waste Clean-up
 Mold and Asbestos
 Infestations and pest control
 Water Leaks/Levy breaks
 Physical Structure Collapse

Criminal & Terrorist

Product Tampering
 Terrorist Acts/Threats
 Arson & Bombing
 Industrial Espionage
 Sabotage
 Kidnapping or Extortion
 Fraud & Theft
 Product Use by Terrorist
 Workplace Violence
 Counterfeiting

Risk Management has evolved from Reacting and setting plans just in case...

To Accounting for and Anticipating through Surveillance-must change the result before & while the "risky incident" occurs

Strategy

Unknown competition
 Product Irrelevance or misplacement
 Poor Marketing Plans
 Sales Force Target Markets
 Poor Acquisition Strategy
 Failure to innovate
 Customer Perception Failure
 Improper Supply Chain Alignment

Informational

Loss of IP, Confidentiality or Trade secrets (Tribal knowledge)
 Information Integrity or Quality of data
 Loss of key customer, supplier, production data

Technological

Corporate Hardware Failure
 Enterprise SW failure or corruption
 Capacity Issues
 Bandwidth or services issue
 Legacy or relevance issues

Operational

Out of Stock
 Poor Forecast for market
 Sourcing Failure
 Pricing Misalignment
 Production Shortage/Failure
 Poor Change Control
 Product/Project Mgt Failure
 Transportation/Log Accident
 Workforce Stoppage
 Disruption/Delay to work
 Restricted Access to facility

Compliance and Governance

Non-Compliance
 •Statutory
 •Regulatory
 •Legal
 •Contract
 Class Action/Lawsuits
 Corporate Governance Issues
 Executive Misdeed, bribes, security & code of conduct
 Oversights, errors, improper practice

Health & Labor

Epidemic or Pandemic
 Long-term Health issues
 Defections and lost knowledge
 Unattractive market or company for talent
 Skills shortage
 Workplace harmony





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Panel Question 1

- **2011 has had significant natural events which have caused interruptions to operations at 1000's of companies.**
 - Have any of these events below or others had any effect on your operations this year or on your supply chain assurance? Please explain your company's actions, reactions and preparedness for these natural disasters.
 - Japan Earthquake and tsunami with the later reactor and radiation issues
 - Flooding in the Northeastern US during September
 - Most recently,
 - the Thailand flooding from the Flash Floods and Monsoons
 - earthquakes in Peru and Turkey
 - Many others





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Panel Question 2

- Has your company learned from the last years natural events? What has changed about your business planning (internal and external)?





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Panel Question 3

- Looking forward, what are the major risks your company is preparing in your supply chain to enable a more predictive and resilient process to survive despite the lasting impacts of realized risk?





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Panel Question 4

- What risks are the most difficult to predict? Do you have a process for planning to react faster and more detailed and faster detection?

