

Is your medical device biochemical reagents and formulation services partner prepared to weather supply chain challenges?

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Supply chain security and transparency is a key part of the risk mitigation strategy of companies manufacturing medical devices. Prior to the COVID-19 crisis, complex global supply chains carefully balanced capacity with demand while cost cutting initiatives pushed towards lower cost raw material providers located in different geographies. COVID-19-driven regional manufacturing shutdowns, surge demands, and logistics disruptions have placed significant pressure on manufacturing supply chains, resulting in raw material shortages and delays.

Supply chain vulnerability becomes a major issue

In step with global supply chain constraints, SARS-CoV-2 has created an unprecedented demand for increased manufacturing capacity. Both established and emerging medical device manufacturers are looking to contract manufacturing organization (CMO) partners to:

- Relieve manufacturing constraints and
- Increase capacity

In the current situation of supply chain and manufacturing pressures, medical device manufacturers should look closely at the supply chain management of potential contract manufacturing partners. No matter how innovative a medical device may be, it can only be manufactured if the raw materials can be obtained.

CMO considerations in turbulent times

CMO partners that had business continuity plans in place prior to the emergence of the COVID-19 crisis were able to quickly mobilize resources and respond to supply chain pressures. While the current crisis has been unprecedented in both the reach and the impacts on global manufacturing, regional supply chain disruptions have created issues in the industry for years. Moving forward, it would be advisable to consider:

- CMO partners with strong supply chain management programs
- A CMO partner who is a manufacturer of raw materials or components required to manufacture the reagent or formulation

Even during normal business operations, there are many practical reasons for these critical considerations, such as:

- Increased supply chain control and
- Lower raw material costs

Larger CMO organizations are able to:

- Leverage their purchasing power to procure raw materials at lower costs
- Better position securing secondary sourcing of critical raw materials

During times of supply chain constraints, CMO partners that also manufacture some or all of the raw materials, particularly those with global manufacturing and distribution footprints, are better positioned to maintain sufficient safety stock by mobilizing a global network of secondary and tertiary sourcing.

Conclusion

The COVID-19 pandemic has highlighted that strong supply chain management should be a vital consideration for any potential CMO partner as the risk of regional and global disruptions are unlikely to disappear in the months ahead.

Next Steps

Engage with your current or future service provider on these important points. Please contact us if you'd like to learn how you could partner in these areas for your benefit.

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MS_WP7054EN Ver. 1.0 33631 10/2020

