

The Pharma MAH-CMO Relationship

Orchestration Benefits and
Win-Win for Each Partner



The Importance of the Brand Owner/CMO Relationship

Growth in Outsourcing Drives Need for Better CMO Integration



- CMO market is estimated at \$226B in 2022 with 5.8% CAGR.
- The global pharmaceutical market is estimated at \$510B with 7.8% CAGR.
- 44% of Pharma revenues tied to CMOs.

--- Product Flow
--- Information Flow



Challenges

What Does the Manufacturer Need to Know to Manage External Manufacturing?

Need to Know

Implications

KPIs

Did the CMO get my PO?

Missed production slots

Manufacturing
Costs

Did the CMO confirm the PO?

Short, partial, or late finished goods orders, and inaccurate supply plan

FG Inventory
Expediting Costs

Did the order ship complete?
When will it arrive?

No available-to-promise or cross docking

On-Time, In-Full
3PL Costs



What We Have Heard From Customers

External Manufacturing Challenges - What We Have Heard from Customers

Large Generics Manufacturer

The Problem

- With 8,000 SKUs and an average of four orders per SKU per year, manufacturer is executing 32,000 orders currently.
- 70% of POs taking as long as 30 days to confirm.
- 6,000 go unconfirmed.
- Result in unexpected delays and challenges.

The Goal

- Start with 2 CMOs and four transactions: ASNs, POs, PO acknowledgements, invoices.
- Integrate 20 CMOs over next 24 months.
- Quickly add 62 CMOs in other global markets.
- Manufacturer wants to place more orders with suppliers to improve agility.

The Solution

- MINT for External Manufacturing
- Begin with interoperable exchange of POs and PO acknowledgements, ASNs, and invoices at three CMOs.
- \$1,200 per CMO to start!

External Manufacturing Challenges - What We Have Heard from Customers

Midsize Sterile Injectables Manufacturer

The Problem

- Manufacturing through 30+ CMOs.
- Depend on 14 CMOs for 75% of sales revenue.
- CMOs OTIF is below 50%.
- Purchase orders emailed to CMOs.
- Only one supplier sends PO Ack.
- No suppliers send ASNs.
- Need bi-weekly calls with CMOs to track status.

The Goal

- Get 100% of CMOs electronically connected.
- Increase timely purchase order acknowledgements.
- Enable suppliers to send ASNs.
- Complete digitalization of procure-to-pay process with invoices and remittances.

The Solution

- MINT for External Manufacturing
- Begin with interoperable exchange of POs and PO acknowledgements and ASNs at top 12 suppliers.
- \$600 per supplier to start!

External Manufacturing - What We Have Heard from Customers

Global, Multi-Billion Dollar CDMO

The Problem

- Competitive pressure to offer digital connections with customers.
- Need collaboration solution to work with a wide variety of pharma customers.
- Several different ERPs in use so intelligent integration required to handle inbound customer transactions.
- Wide variety of data sharing needs.

The Goal

- Increase digitalization of customer facing processes.
- Reduce large number of manual processes.
- Provide collaboration platform for customers that increases real-time visibility.
- Support data sharing needs various trading partners across the supply chain.

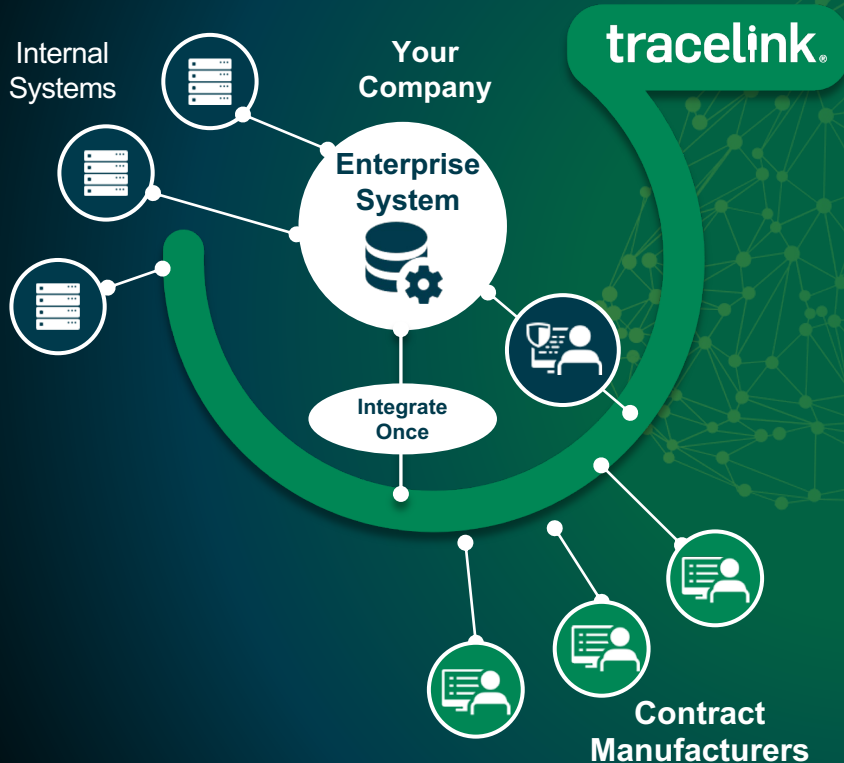
The Solution

- MINT
- Scales to support thousands of integrations.
- Supports integration to multiple ERPs.
- Wide variety of supply chain transactions serves all trading partners including customers, suppliers, 3PLs, carriers, and more.



Capabilities

MINT for External Manufacturing



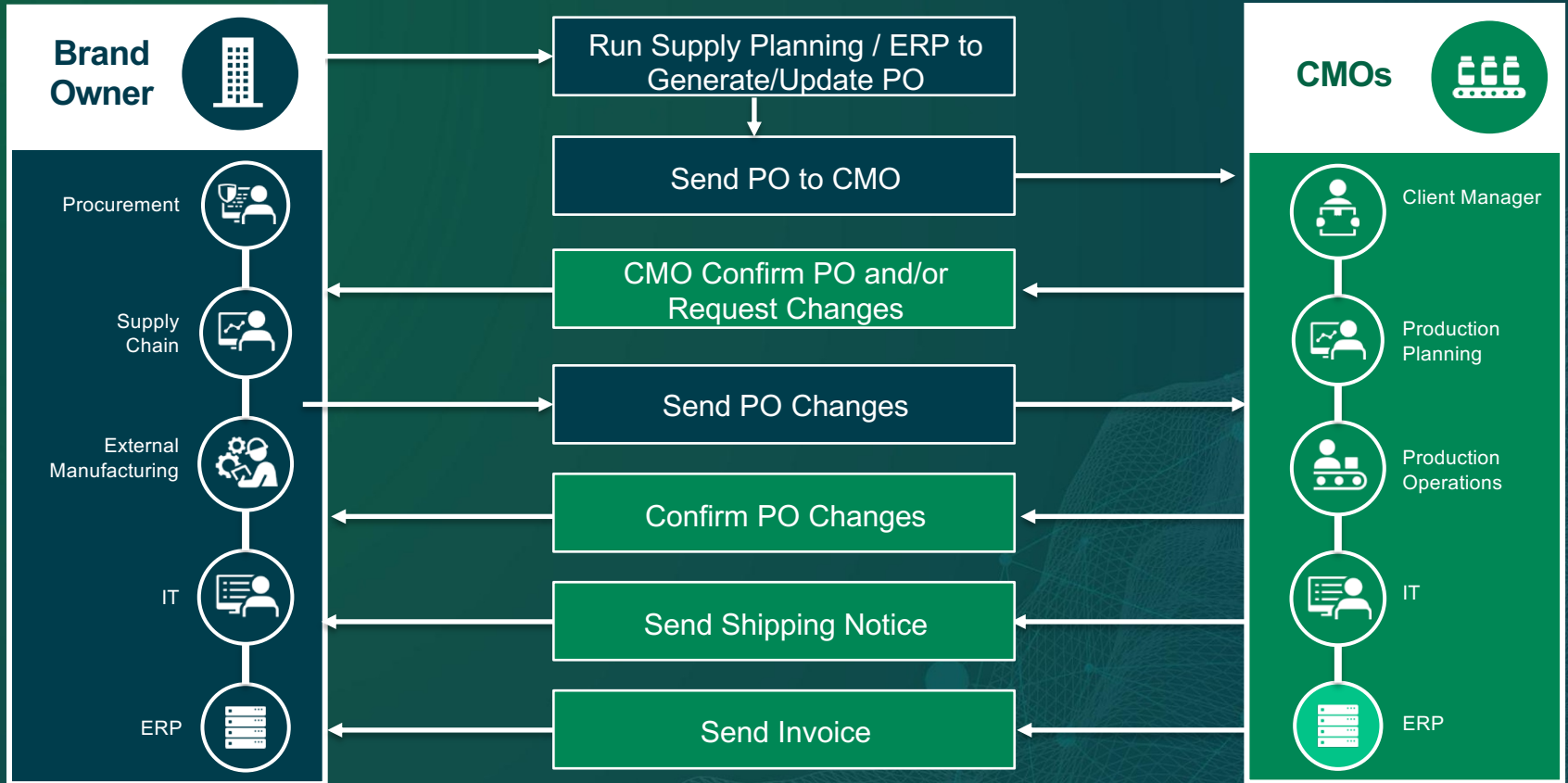
- **Integrate-Once™ for:**

- Forecast Planning Schedule / Response
- Purchase Order
- PO Acknowledgement
- Inventory Balance Report / Update
- Advance Ship Notice
- Batch Master
- Invoice
- Remittance
- Bill of Materials
- Master Data

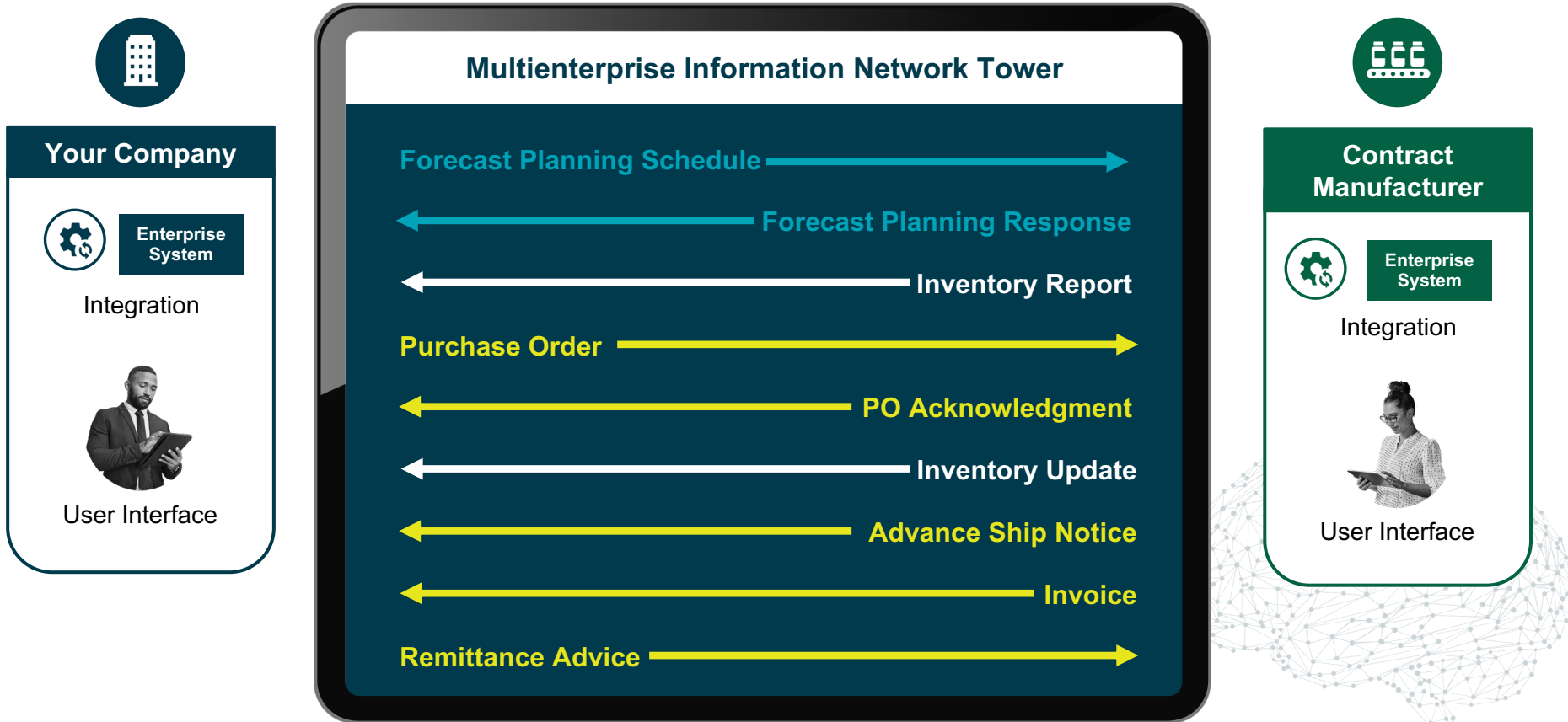
- **Real-time business transaction exchange to:**

- Align on annual purchase volumes with suppliers
- Improve PO timeliness and accuracy
- Confirm/collaborate PO quantities and due dates
- Ensure purchase order deliveries are aligned with production schedules
- Streamline the invoice and payment process

Orchestrating the Procure-to-Pay for the External Manufacturing Process



MINT Transaction Flow for External Manufacturing





Value

The Value of External Manufacturing Orchestration

Use Case

Customer & Partner Business Value



Forecast & Inventory Exchange

- Forecast Planning Schedule
- Forecast Planning Response
- Inventory Balance Report
- Inventory Update

- Reduce late or missed shipments through shared forecasts with CMOs
- Reduce out-of-stocks and product delays through improved PO planning based on inventory visibility
- Reduce buffer stocks based on real-time, accurate inventory balances



Order Collaboration & Monitoring

- Purchase Order
- PO Acknowledgement
- Advance Ship Notice
- Invoice
- Remittance Advice

- Improved planning accuracy from real-time confirmation of PO quantities and due dates
- Reduce failure-to-supply fines through predictable on-time, in-full deliveries
- Improve available-to-promise inventory and reduce logistics costs through better visibility to incoming finished goods

Why Your CMOs Will Want To Participate with MINT



Real-time exchange of forecasts, inventory balances, and purchase orders enables more precise production planning and better capacity utilization



Improved responsiveness to customer requests for changes ensures better on-time, in-full deliveries with at higher operational efficiencies



Participating in real-time information exchange improves relationship with customer with no onboarding or integration costs



Single connection to the TraceLink reduces IT costs related to maintaining outdated modes of information exchange, including EDI and point-to-point integrations



CMO can use the single connection to improve the operational efficiency with other customers

Call to Action

- Share with your colleagues responsible for external manufacturing processes
- Schedule a meeting with your TraceLink account executive to discover how MINT can improve your MAH-CMO process
- Stop by the Product and Solution Fair to see MINT live.



Thank You

