

# Freight Forwarding

Leveraging industry best practices for supply chain efficiencies

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*Managing a supply chain that serves multiple developing countries with commodities from worldwide sources presents considerable challenges, from operating in a resource-limited infrastructure to overcoming high-risk conditions—particularly when the products being moved are high-value pharmaceuticals or require temperature control. SCMS leverages the best practices of leading international and in-country transportation providers, along with a web-based tracking tool for in-transit visibility, to ensure efficient freight forwarding and improved supply chain performance.*

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## The Challenge

Maintaining a continuous chain of custody—controlling the shipment and knowing where it is at all times—poses significant challenges. Poor freight forwarding processes can result in higher costs, delays, an increased risk of theft, loss of product control and damage.

Ensuring that products arrive on time while minimizing freight costs can be difficult in an environment of frequent emergency requirements. Although more cost effective, sea freight requires longer lead times. For essential air shipments space constraints due to limited flight availability mean that cargo space may not be available for desired dates or routes. Unreliable shipment information or improper documentation at the port of entry can result in inconsistent transit times or even loss of shipments. Product-specific and country-specific customs clearance processes add further complexity.

## Meeting the Need

SCMS offers an integrated, end-to-end solution for moving products from the vendor to the customer's requested delivery point. Our freight-forwarding approach combines the capabilities, experience and best

practices of UPS Supply Chain Solutions (UPS) and the PHD, a pharmaceutical distributor based in South Africa. Those leading global logistics providers deliver commodities to all countries supported by the US President's Emergency Plan for AIDS Relief (PEPFAR) and have established operations in 16 of them. To serve our clients, SCMS:

- Provides freight forwarding to efficiently, effectively and reliably move supplies internationally
- Stores products regionally
- Manages delivery to any location required, while at all times ensuring security and visibility throughout the supply chain

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With consistent, reliable shipments based on the needs of country programs, clients are able to focus on delivering care and treatment rather than worrying about the status of their orders.

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SCMS proactively tracks and traces shipments, enabling precise monitoring and correction of risks that may lead to missed milestones and early identification of exceptions. This in-transit visibility helps maintain a single, continuous,

controlled supply chain for HIV/AIDS commodities.

The SCMS approach to freight forwarding and inventory management includes several key components:

**Regional Distribution Centers.** With state-of-the-art regional distribution centers (RDCs) operating in Ghana, Kenya and South Africa, SCMS is providing the most frequently requested essential medicines and other health products within shorter delivery times, trimming the turnaround time from three to four months to between four to six weeks for planned orders. The RDCs also hold 'buffer stock' that are available to prevent potential stockouts and eliminate the high cost related to emergency shipments direct from manufacturers.

**Shipment planning.** Shipment planning begins as soon as a product order is placed. The SCMS logistics management information system (LMIS) provides visibility of pending orders, enabling us to determine the most efficient, cost-effective delivery route.

SCMS works with clients to develop forecasts and demand plans that help us switch appropriate shipments from costly air freight to sea and road, reducing freight costs by as much as 90 percent.

**Security planning.** SCMS uses our experience in shipment security planning to ensure safe delivery and minimizing the risk of theft at every step in the supply chain. We assess each shipment to identify potential threats and to develop a detailed security plan, from mapping direct routes and possibly assigning private security guards to escort shipments. Also, RDCs are equipped with continuous electronic surveillance.

**International movement.** The mode of transport depends on the product. Products with short shelf lives and items requiring continuous refrigeration are shipped by air with rare exceptions. Products are consolidated into full container ocean shipments if the client's requirements allow time for this.

**Regional and local movement.** Our knowledge of and access to regional road freight and, when necessary, air freight provides the most cost-effective transport.

**Preshipment Inspections.** To ensure that the right product is going to the right place, an established, third-

party international inspection firm conducts preshipment inspections as necessary. Preshipment alerts are sent to recipients or clients, including shipping details such as date of arrival and product lot numbers, as well as required documentation for customs clearance.

**Customs clearance.** We leverage UPS's worldwide agents and our own in-country staff to coordinate with local US government partners, national authorities and customs agents to ensure prompt customs clearance and distribution.

## Sustained Benefits

SCMS provides consistent, reliable shipments based on the needs of country programs. Our team members' existing materials management and logistics systems enable SCMS to deliver commodities from the manufacturer, wherever that may be worldwide to the port of entry or to service delivery points. Rigorous performance metrics provide data to ensure continuous quality improvement. Stringent product quality assurance measures enable us to maintain cold chain integrity for products that require constant refrigeration. With track-and-trace information readily accessible on the SCMS intranet, we can provide clients a response to the question, "Where's my shipment?" at any time.

## ABOUT SCMS

The Supply Chain Management System (SCMS) was established to collaborate with in-country and global partners to ensure a reliable, cost-effective and secure supply of high-quality medicines and health products for HIV/AIDS prevention, care and treatment. SCMS is funded as part of the US President's Emergency Plan for AIDS Relief through the US Agency for International Development. Visit [www.scms.pfscm.org](http://www.scms.pfscm.org) or write to [scmsinfo@pfscm.org](mailto:scmsinfo@pfscm.org) for more information.

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