

Biopharmas Increasingly Satisfied With Vendors Of Single-Use Products

By Eric Langer, president and managing partner, BioPlan Associates, Inc.

Biopharma manufacturers are increasingly satisfied with their suppliers of single-use devices, but that satisfaction is sometimes misplaced on less-critical attributes. Data from our study, 9th Annual Report and Survey of Biopharmaceutical Manufacturers, indicates that 68.5% of end users of single-use devices are “satisfied” or “very satisfied” with the quality of their vendors’ products. Among the 13 attributes we evaluated, product quality again this year topped the satisfaction list.

In addition, we found that 31% of end users report being happy with their vendor regarding product costs. For the first time since 2008, “cost of product” did not appear at the bottom of our list. Both this year and in 2011, availability of a full line of products was near the top of the list. This year, we found that 59.7% were “satisfied” or “very satisfied” with availability. In addition, a majority of respondents reported satisfaction with their vendors for providing useful quality data, while nearly half were “satisfied” or “very satisfied” with “custom design of systems and assemblies.”

Lowest on the totem pole was “vendor recycling programs,” a new factor we measured this year, with just 8.7% of end users reporting a level of satisfaction with their vendors in this regard. On the other hand, more than 30% of decision makers consider vendor recycling an “important” factor. As more single-use devices are used at greater numbers of facilities, we expect this factor will increase in importance. If vendors are not ready to improve their single-digit satisfaction rating for this attribute, they may miss an opportunity to differentiate themselves.

Similarly, “standardization of devices” rates near the bottom of the satisfaction scale, but in terms of importance, there is a big gap, as 62% of the industry considers this to be an “important” selection attribute.

Importance Factors When Selecting a Vendor

Product quality rated at the top of the vendor attributes list this year; factors such as “deliver on schedule” were close behind. An important area where vendors have limited control is in avoiding raw materials changes that require QA documentation. Nearly 40% of the industry indicates this to be a critical decision factor, yet being able to document and communicate changes in raw materials from their many dozens of raw materials, chemicals, parts and plastics suppliers is a daunting challenge. However, in a regulated environment, the ability to provide accurate raw materials data is critical to the quality of the high-value drug products.

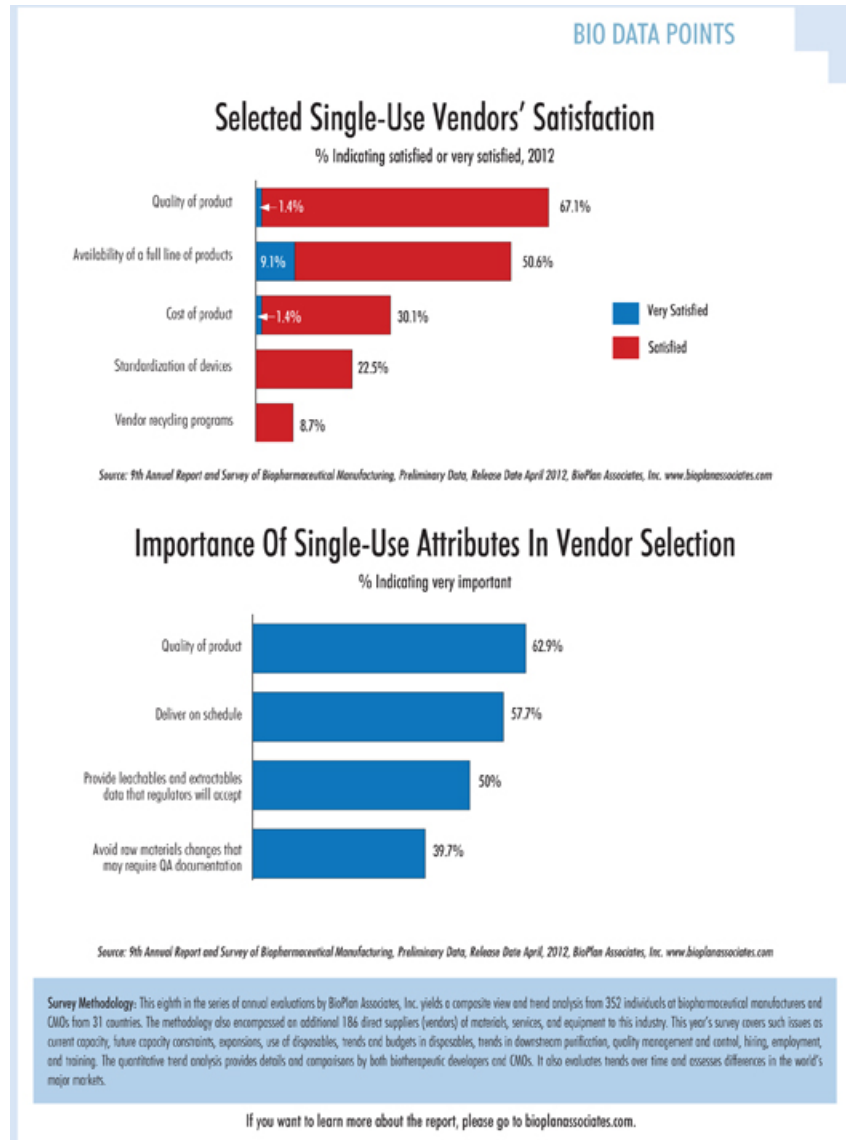
Trends Emerge

When comparing this year’s data to 2011 and years prior, we find that satisfaction with product costs ticked up even if it did remain low on the list. “Availability of a full line of products” jumped from 32.1% of respondents in 2011 reporting being “satisfied” or “very satisfied” to 59.7% this year. This factor rose rapidly to second place this year, which could signal that vendors are responding to demand and are rapidly developing new products.

“Custom design of systems and assemblies” has continued its steady growth begun in 2009, suggesting that the design services at vendors are beginning to meet demand or expectations of the clients. Satisfaction with vendors’ ability to “deliver on schedule” has continued to hover at around 50% over the past three years.

The data on vendor satisfaction within the biopharma industry paints a mixed picture. This is partly the result of the current financial situation. Decision makers have become more critical of their suppliers’ value, the quality being offered, and how vendors’ products and services fit end users’ needs for improved productivity. This maturation process was stimulated by the tightening of budgets a few years ago. And, even as budgets have loosened, according to our study, over the last two years, buyers of these products, instruments, raw materials, and services have continued to scrutinize how each purchase will affect the overall productivity.

Vendors are acutely aware of this shift and appear to not only be developing more and different product lines and offering greater quality, but also to be beginning to focus on how their solutions improve overall industry productivity. For example, on the one hand, vendors are improving their satisfaction levels with factors such as “cost of product” and “availability of a full line of products.” These are positive developments and likely stem from end users’ demands for better value and improved efficiencies. In fact, the cost of products may not have actually gone down, but rather the actual (and probably the perceived) value of vendors’ products and services has likely gone up. On the other hand, if vendors are to continue to differentiate themselves in this increasingly competitive market, they will need to address emerging factors like recycling and standardization.



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