AmerisourceBergen affected operations

♦ Wholesale distribution
♦ Contract and re-packaging
♦ Specialty Distribution
♦ Pharmacy Distribution
♦ Automated Storage and Retrieval Systems
ABC Strategy

- Learn
- Test
- Trial
- Target Implementation
- Value Proposition
- Configure Options
- Roll out plan
- Implementation

- Federal and State Legislation
- Customer mandates
- Manufacturers requirements
- Technology Evolution
- EPCglobal standards development
- ABC Program Implementation Timing
- Data communications
- Skill building
Activities

- DSN Jan-May 05
  - RFID / pedigree lab
- Unisys Guardian Jul-Sep 05
  - RFID working lab
- VeriSign serialization pilot
  Active project
  - Serialized product and pedigree with live product from packaging group to customer via ABC DC and customer DC
  - Roll into tagged product phase 2, hopefully after item level frequency is verified by EPCglobal to avoid unnecessary equipment investment

- EPCglobal
  - TWG
  - ILT
  - ATP
  - Serialization
  - Process
- HDMA
  - AIWG
- Evaluating numerous opportunities to pilot tagged product with pharma mfrs.
Goal: Expense Reduction

- To reduce losses of out of date product caused by poor stock rotation
- To reduce losses from returning In Date product
- To increase claims recovery from trucking companies
- To enhance ability to identify out of standard conditions and target corrective action
- To reduce theft inside/transit
- To reduce Customer Returns through product verification
Goal: Productivity Improvement

- To locate the right object at the right place, at the right time
- To increase automation of buying process due to visibility of product dating and on shelf quantity
- To reduced cycle count labor (vaults)
Goal: Inventory Reduction

- Elimination of slow moving products through more accurate quantity and dating visibility
- Enhance the replenishment process by including product dating considerations
Goal: Better Inventory Management

- **IMA Compliance**
  
  - To increase compliance of Returns and Shortage metrics as tolerances are reduced
  
  - To maximize Days of Supply by increased accuracy of inventory (eliminate over/under stocking)
Goal: Improved Asset Tracking

- To increase visibility of location of Lift Trucks, Scanners, pallets and key operating tools
- To reduce cost for lost totes (over 600M in circ.)
Repackaging

- Both pedigree and RFID will boost confidence in the reliability of repackaging.
Cold Chain

- Item visibility in receiving with unopened packs
Cold Chain

- Working in concert with existing devices
- Increase visibility of items and their status
Automated Storage and Retrieval

- Existing barcode based systems
- Concern about using RFID, having the reader on the robot arm and getting interference from adjacent tags
- May need to stay barcode (NDC) for the read and pick and then verify with RFID after pick and move
- Necessary to tag doses?
Secure Access Storage

- Tracking removal of individual items
- What, Who, when, where?
- Automated cycle counts
- More accurate inventory management
Redundant Barcode

- Barcode scanner modifications in appropriate environments. (linear to 2D)
- In some cases existing equipment will suffice.
- Hospital environments where RF interference may be a concern
- Independent pharmacies where technical upgrades may be too costly and volumes too low to justify (line of sight is OK)
Future RFID benefits

♦ Smart packs
♦ Enhancing functionality of compliance prompting packaging
♦ Capturing data and providing feedback for pharmacists or physicians
♦ Interacting with in-home devices aiding compliance