

FFF Enterprises, Inc.

This biopharmaceutical distributor is helping improve the health of America by improving the security and efficiency of the supply chain.

Securing the Supply Chain



**Patrick M. Schmidt,
Chief Executive Officer**

www.fffenterprises.com
Revenue \$1.0 billion
Services Largest US distributor of critical-care biopharmaceuticals



It's estimated that for every \$20 flu shot a payor provides, between \$95 for low-risk patients and \$733 for high-risk patients worth of cost is avoided in office visits, tests, and medications. When that cost is multiplied over a large patient population, it adds up to more than \$10 billion in direct medical costs and more than \$87 billion in indirect costs and lost productivity.

With figures like these, it seems obvious that healthcare providers would be pushing for their patients to receive the vaccination. But that's not necessarily the case. According to California-based FFF Enterprises, a biopharmaceutical distributor, many physicians out there don't want to buy the vaccine because of the supply troubles of the past.

"In the past, wildly fluctuating prices, getting the vaccine too late, and patients coming in who have already been vaccinated left physicians with a surplus," said Patrick M. Schmidt, Chief Executive Officer. "We've created a program where we eliminate the risk for physicians to purchase the vaccine by working directly with the healthcare payor."

The VaxAmerica program enables direct-from-manufacturer distributor FFF Enterprises to work the economics out directly with the payor, and physicians can comfortably vaccinate their patients with no financial risk. In fact, the physicians are then paid for the administration of the product. It's a win for all involved and only one example of the company's two-channel focus to improve the security, safety, and efficiency of the biopharmaceutical supply chain.

"We're creating greater access and convenience and eliminating some of the financial risk associated with the vaccine business,"

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Schmidt said. "We also believe having secure distribution channels is important to our business and to the patients we serve."

Staying focused

FFF Enterprises has a two-channel focus. Part of the focus is distributing biopharmaceuticals, which include plasma products and flu vaccines to healthcare providers who serve patients. Through its specialty pharmacy subsidiary called NuFACTOR, which includes the VaxAmerica program, FFF Enterprises also distributes those products directly to consumers or patients.

But that's not where the company began. Twenty years ago, FFF Enterprises was founded with \$100 and a vision to distribute patient examination gloves. Twenty years later, the company's annual sales exceed \$1 billion, and it services more than 29,000 healthcare customers and thousands of other patients through NuFACTOR.

“Through a variety of business development efforts in biopharmaceuticals, we shifted our focus and found a need to make sure the supply chain was safe,” said Schmidt. “We learned the business practices of some competitors and the rest of the industry that we thought lent itself to a secure supply channel.”

One of the ways in which FFF Enterprises achieves this goal is by only buying direct from the pharmaceutical manufacturer, sealing off any potential to have counterfeit pharmaceuticals in its supply or distribution channels. The same holds true when working with vaccine manufacturers. And, on the other end of the supply channel, FFF Enterprises does not distribute to other distributors.

“Our Guaranteed Channel Integrity pledge means that we buy only from the manufacturer, and we only sell to healthcare providers,” said Schmidt. “In terms of shortages or delayed shipment to the marketplace, the price can and does fluctuate wildly. If we were to redistribute to other distributors in that cycle, we wouldn’t be able to keep that guarantee.”

Schmidt said that in the past he has had to testify at price gouging trials where people have taken the flu vaccine and charged 600% or 700% over the market price from the manufacturer. That is why FFF Enterprises’ customer focus is as much on the healthcare providers as it is on the patients. In fact, the company motto and vision is to help healthcare care. “If something doesn’t help healthcare care, we don’t get involved,” he said. “It’s how we’ve been able to average \$112 million in growth each of the last seven years.”



Ahead of the curve

FFF Enterprises launched a program three years ago called MyFluVaccine, to provide ease and certainty to vaccine purchasing and administration, and, as with VaxAmerica, to increase the vaccination rate in the US. The program was developed for healthcare providers wanting to purchase the product to vaccinate employees, other healthcare workers, or patients.

Providers can go to the MyFluVaccine website and pick the specific date they want their vaccine delivered. In the first





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two years of the program, FFF Enterprises consistently hit 98% accuracy of delivery on or before the date the provider requested.

“Everyone else places an order with another supplier or directly with a manufacturer, but they don’t know exactly when they’ll get it,” said Schmidt. “We’ve created certainty. Not only is it purchased directly from the manufacturer, but the date we’re going to get it there is also guaranteed. According to many of our customers, we’ve revolutionized the flu distribution business through our MyFluVaccine program.”

In June 2004, FFF Enterprises took its satisfaction and security guarantee one step further by creating the Verified Electronic Pedigree (VEP) program. When competitors began adopting the same language of supply chain

integrity and responsible pharmaceutical distribution, the company decided to differentiate itself by showing its customers that it could both talk the talk and walk the walk.

FFF Enterprises customers can go to the company’s website, enter in their customer number, and enter a lot number of any product FFF Enterprises distributed to them. “We will show them electronically where we purchased the drug or product from, which in all cases is the manufacturer, when it arrived into our facility, how it was stored, and when it was shipped to their location,” said Schmidt.



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“Our VEP program confirms to our customers that we’re doing what we say we’re doing,” Schmidt continued. “We launched VEP in June 2004, thinking our competitors would follow suit quickly. They’ve yet to catch up.” +

—Amanda Gaines