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3PL Tripartite Contract Management for Improved Performance:

Case of Medical Stores Limited, Zambia

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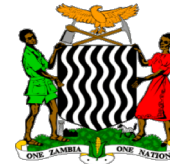
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Procurement and Supply Management

Supply Chain Logistics Manager





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Background

Health supply chains serve:

- ~17 million population and growing
- 1.1 million people living with HIV/AIDS
- 100% at risk of malaria
- 21% of women with unmet need for contraception
- 10 provinces
- 108 districts
- ~3,005 health facilities





Supply chain context - Zambia

- The Zambian public health supply chain operating model has been changing rapidly:
- Expansion of Essential Medicines Logistics Improvement Program (EMLIP)
 - Orders processed increased from 300 (before EMLIP) to more than 3,800 today
- Transition to last mile delivery by Medical Stores Limited (MSL)
 - Fine picking and packing of supplemental stock for over 2,500 facilities
 - Distribution routes increased from 34 to 71
- Government set target to achieve an AIDS-free generation by 2030 and rapid and continuing scale-up to meet the 95-95-95 goals



3PL services - Zambia case study

- The country's supply chain changes and increasing demand on MSL required additional resources to accommodate demand
- A 3PL (Third Party Logistics) mechanism was selected because it offers the following benefits:
 - Reduced costs
 - Enhanced opportunities for scalability
 - Increased space and productivity
 - Improved timely distribution to facilities and patients



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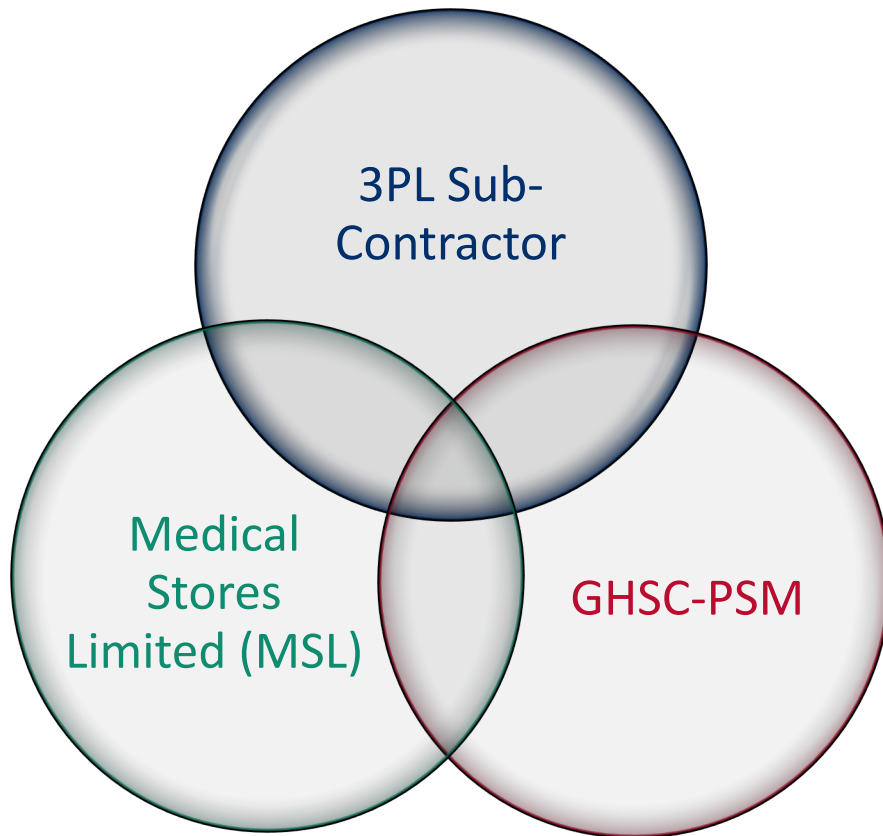
3PL services - Zambia case study



Zambia's 3PL subcontractor mandate includes:

- Coverage of 4 provinces to deliver commodities from MSL central stores to the hub and high-volume facilities
 - This coverage represents 43% of total MSL distribution which translates to an estimated coverage of 409,000 ART patients
- Ability to deliver emergency orders to districts or individual facilities to alleviate low- or no-stock situations

3PL tripartite contract



Unique tripartite contract - all three parties with specific roles:

- 3PL subcontractor provides fleet for distribution
- MSL provides purchase orders, loads commodities, and monitors the fleet
- GHSC-PSM provides support and technical assistance to MSL to manage the 3PL subcontractor

This supplemental 3PL support allows for a collaborative commodity delivery mechanism



Implementation strategies for 3PL



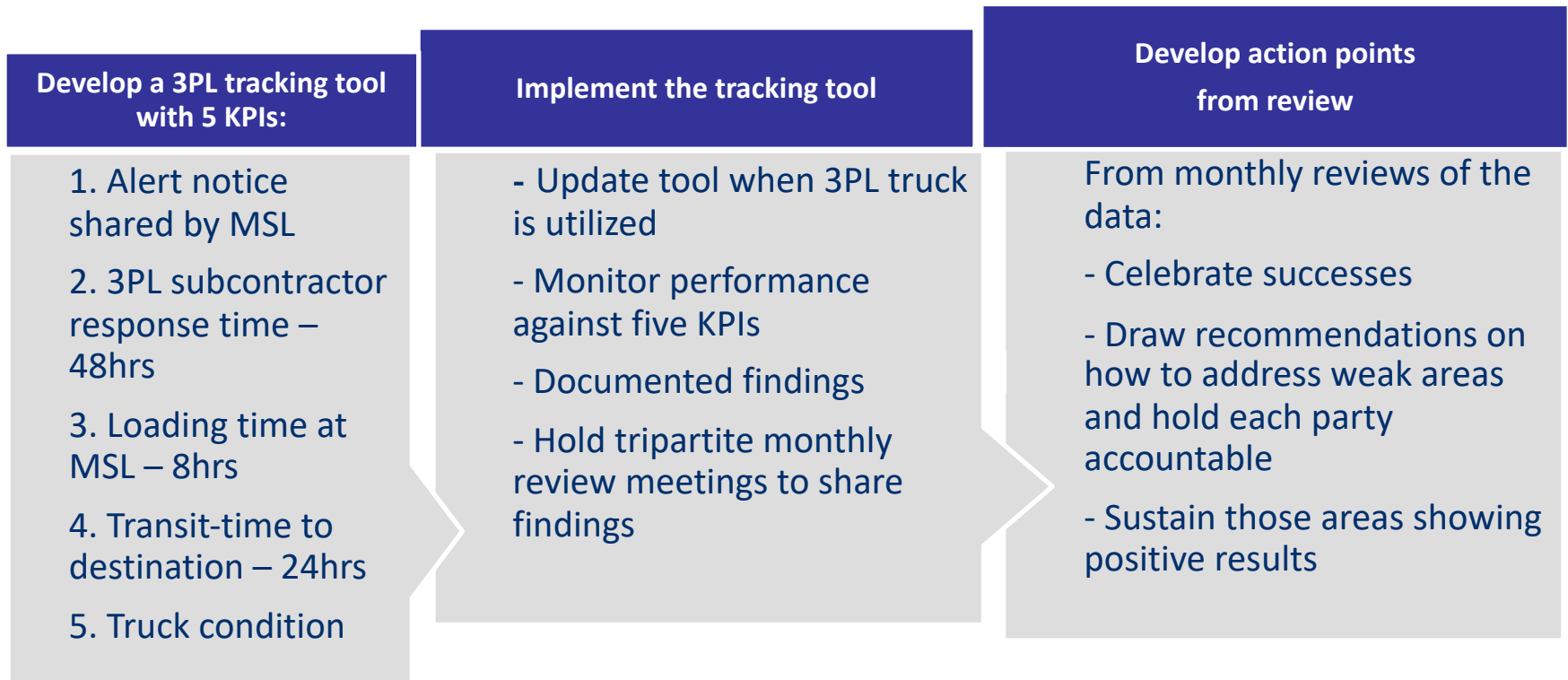
Successful implementation of the 3PL subcontract required information on:

- Commodity pick-up dates
- Availability of the truck(s)
- Loading time at MSL
- Transit-time to the delivery points

Initially, this information was not readily available, making management of the 3PL subcontract difficult



Development and implementation of 3PL tracking tool





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Sample 3PL tracking tool

CENTRAL LEVEL 3PL DELIVERY TRACKER														
PO #	Date PO# Generated	3PL Truck requested		3PL Truck arrives at MSL			3PL Truck Despatch from MSL			3PL Truck Arrives at Destination			DESTINATION	REMARKS
		Date	Time	Date	Time	Request Turnaround Status	Date	Time	Loading Status	Date	Time	Travel Time Status		
374	19-Jul-18	13-Aug-18	8:00	13-Aug-18	8:00	ON-TIME	13-Aug-18	15:45	ON-TIME	14-Aug-18	9:30	ON-TIME	Mongu Hub	
385	14-Aug-18	14-Aug-18	8:00	14-Aug-18	9:45	ON-TIME	15-Aug-18	10:30	ON-TIME	17-Aug-18	18:30	LATE	Ndola Hub	Truck had a breakdown in Chisamba
346	19-Jul-18	14-Aug-18	9:15	15-Aug-18	8:00	ON-TIME	17-Aug-18	9:00	LATE	17-Aug-18	20:00	ON-TIME	Choma Hub	
375	19-Jul-18	16-Aug-18	8:15	17-Aug-18	12:30	ON-TIME	17-Aug-18	20:00	ON-TIME	18-Aug-18	8:00	ON-TIME	Choma Hub	Transport delayed to go to MSL
370	19-Jul-18	16-Aug-18	8:15	17-Aug-18	13:00	ON-TIME	17-Aug-18	19:00	ON-TIME	18-Aug-18	8:00	ON-TIME	L/stone DHO	Transport delayed to go to MSL
386	14-Aug-18	20-Aug-18	8:00	20-Aug-18	8:30	ON-TIME	21-Aug-18	8:45	ON-TIME	21-Aug-18	8:45	ON-TIME	Ndola Hub	
387	14-Aug-18	20-Aug-18	8:30	21-Aug-18	9:30	ON-TIME	21-Aug-18	17:00	ON-TIME	22-Aug-18	9:00	ON-TIME	Ndola Hub	
367	19-Jul-18	27-Aug-18	8:00	27-Aug-18	8:45	ON-TIME	30-Aug-18	14:30	LATE	31-Aug-18	15:00	ON-TIME	Chipata Hub	MSL System was down - Loading impacted negatively
368	19-Jul-18	24-Aug-18	8:00	24-Aug-18	8:00	ON-TIME	25-Aug-18	6:30	ON-TIME	25-Aug-18	18:00	ON-TIME	Chipata Hub	
369	19-Jul-18	28-Aug-18	8:00	29-Aug-18	8:30	ON-TIME	30-Aug-18	16:45	ON-TIME	31-Aug-18	12:45	ON-TIME	Chipata Hub	
369	19-Jul-18	30-Aug-18	9:30	31-Aug-18	8:00	ON-TIME	31-Aug-18	15:00	ON-TIME	01-Sep-18	13:00	ON-TIME	Chipata Hub	
378	25-Jul-18	13-Aug-18	8:00	13-Aug-18	8:00	ON-TIME	14-Aug-18	11:45	ON-TIME	15-Aug-18	8:15	ON-TIME	Mongu Hub	
382	25-Jul-18	31-Jul-18	8:00	31-Jul-18	8:30	ON-TIME	01-Aug-18	14:15	ON-TIME	02-Aug-18	8:30	ON-TIME	Kitwe DHO	
381	25-Jul-18	31-Jul-18	8:00	31-Jul-18	9:00	ON-TIME	01-Aug-18	14:45	ON-TIME	02-Aug-18	8:30	ON-TIME	Ndola Hub	
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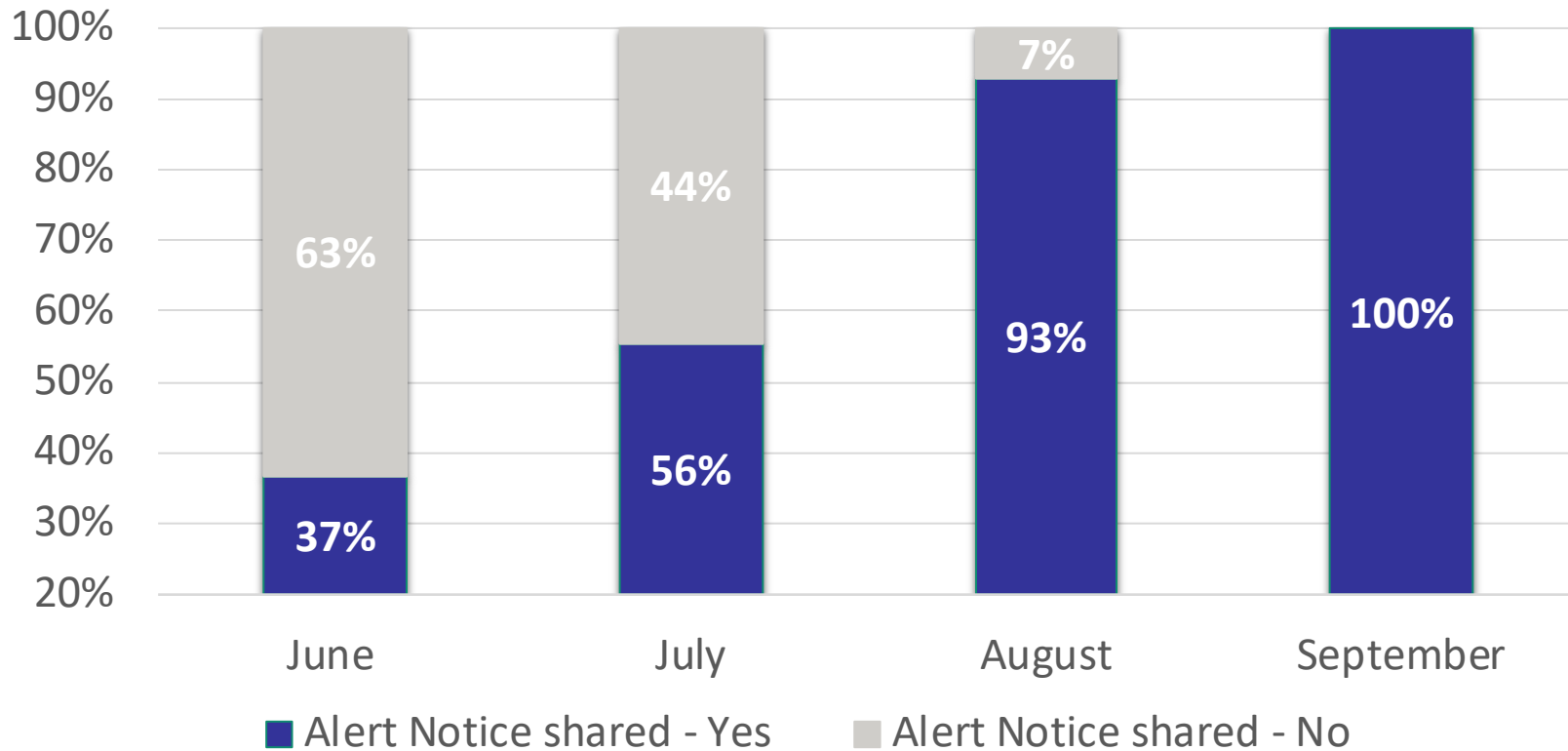
Results summary: June – September, 2018

- 63 3PL truckloads utilized between June to September 2018, based on demand
- Results from the 5 KPIs are described in the following slides





KPI 1: Alert notice sharing

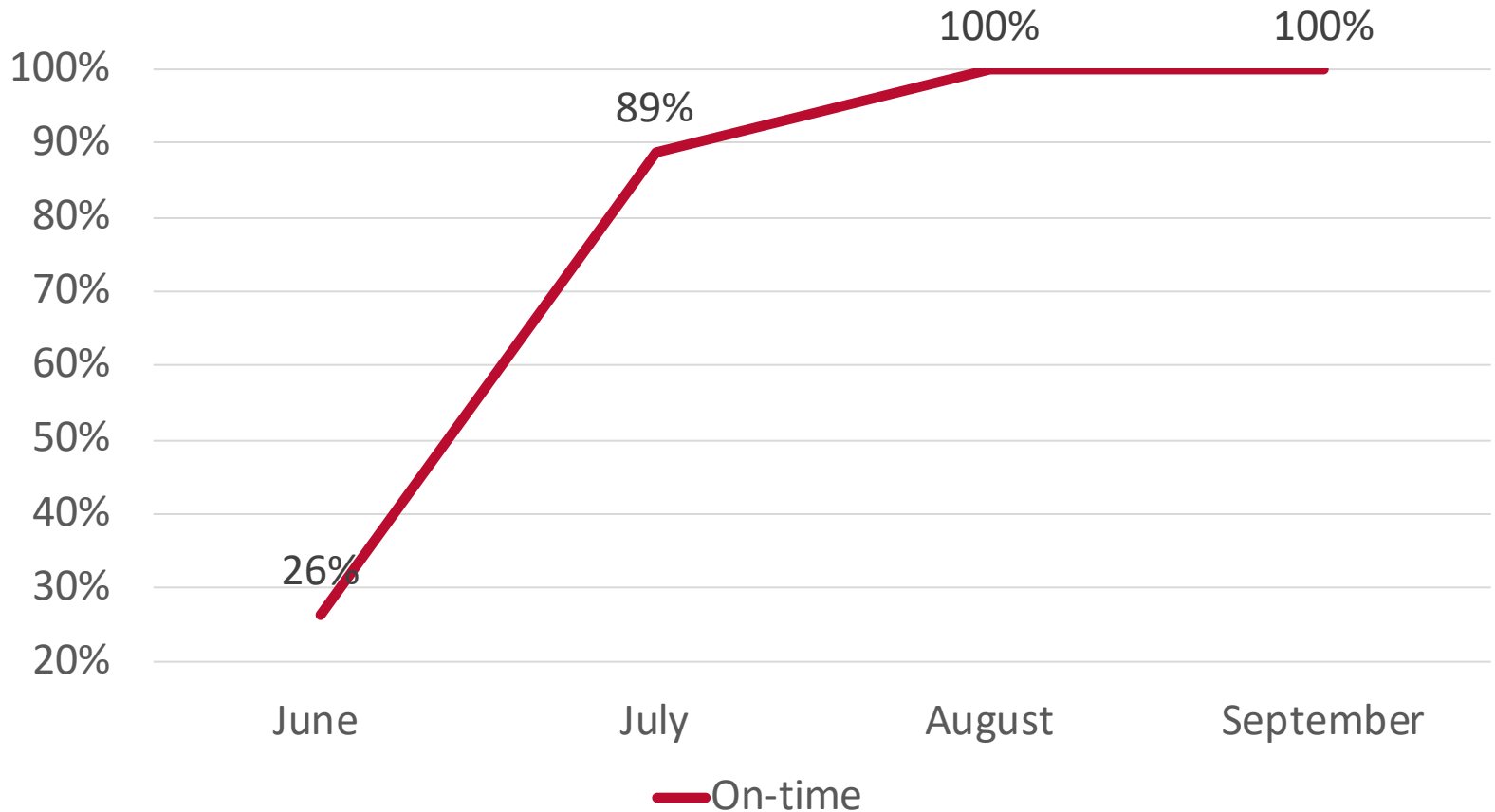


Alert notice “triggers” when a 3PL truck is needed at MSL. Prior to development of the tracking tool, alerts were not shared in a timely manner resulting in “urgent requests” and delayed truck availability. By the end of a period of 4 months, alerts were shared 100% of the time, demonstrating success of the intervention.

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KPI 2: 3PL vendor response time



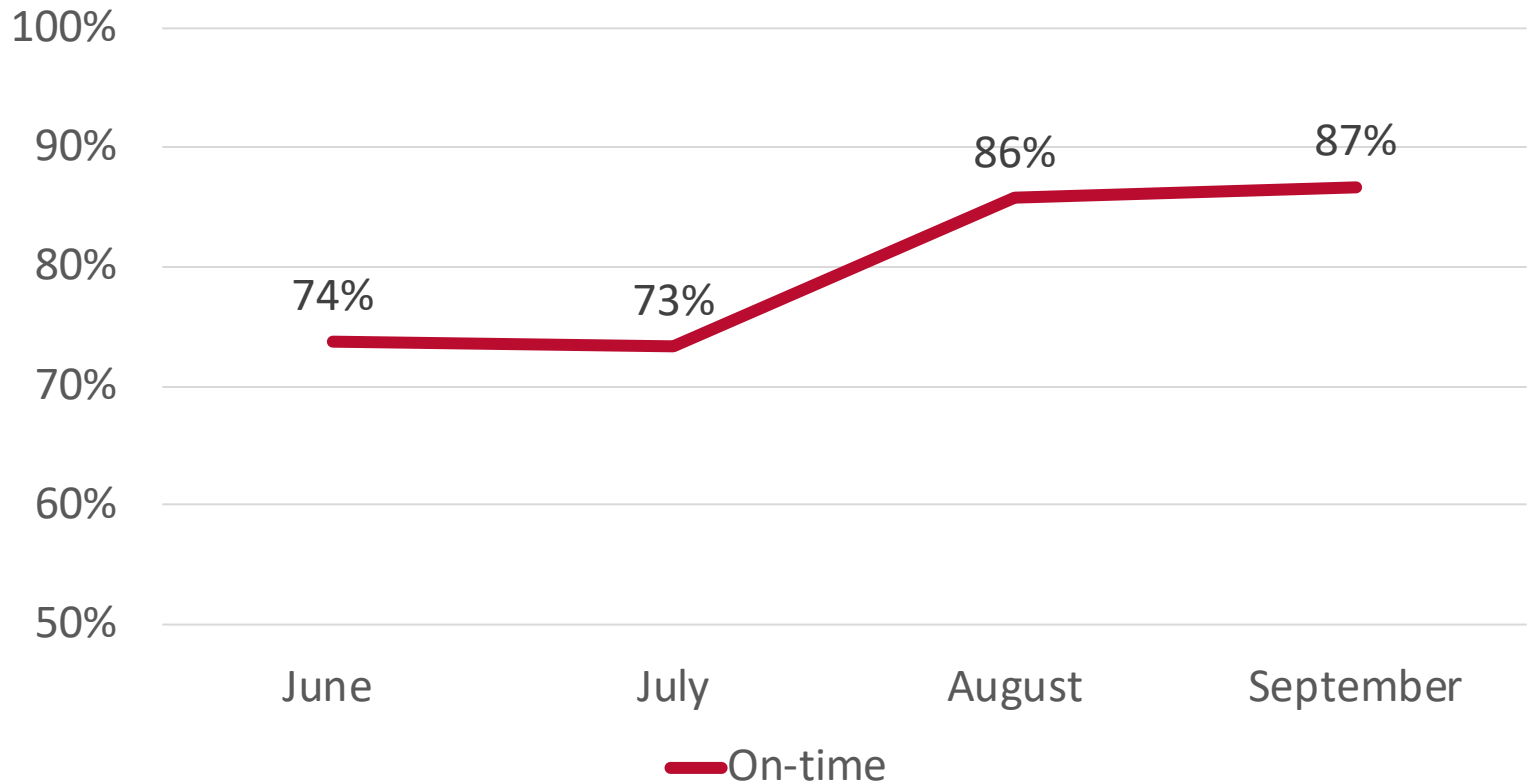
*With alert notices shared, achievement of the Vendor Response Time KPI (**within 24 - 48hrs**) improved from 26% to 100% over a 4-month period, which allowed for timely loading and dispatch of trucks for delivery*

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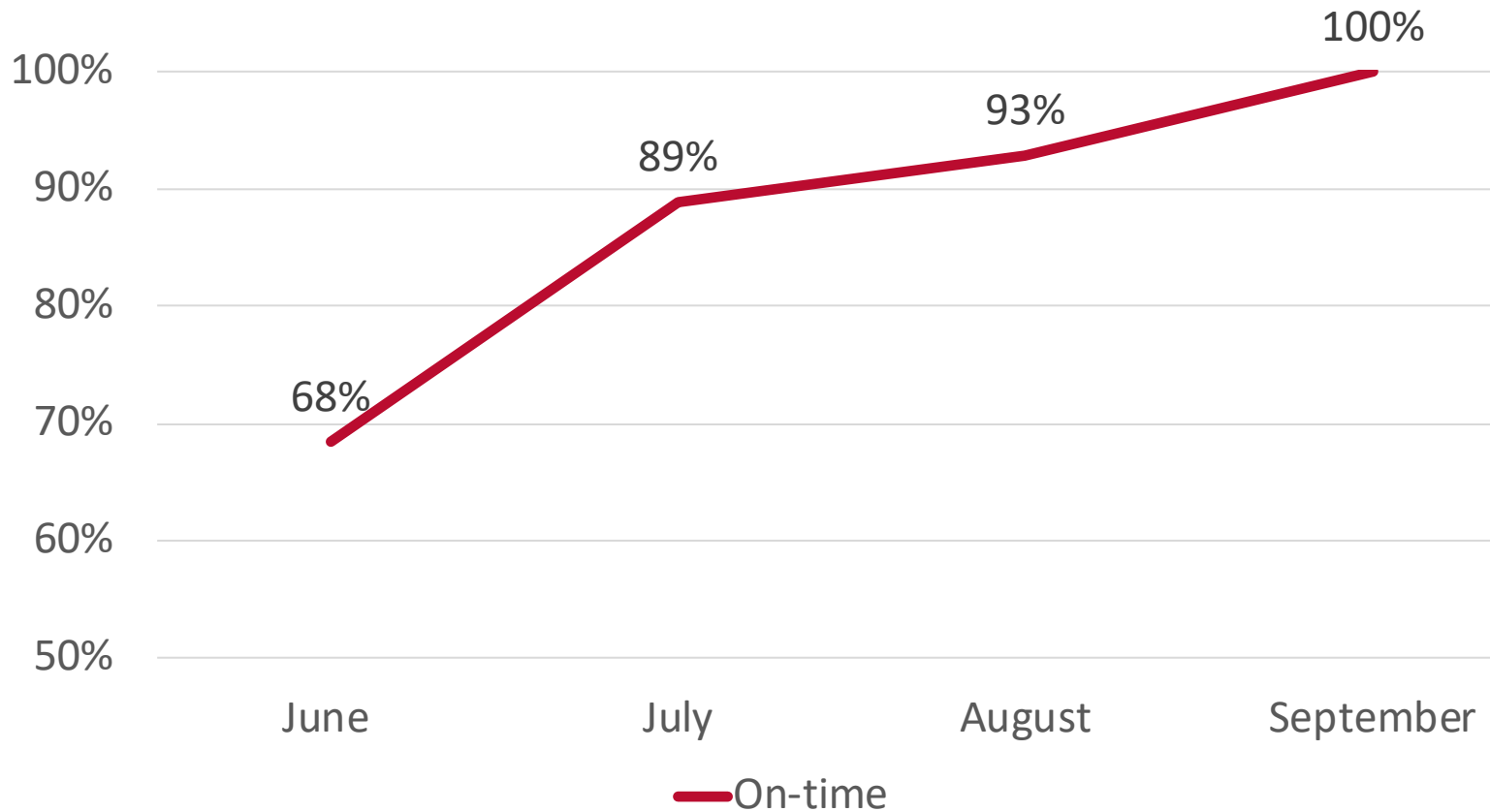
KPI 3: Loading time at MSL



*Achievement of loading-time at MSL **of 8 hours** improved from 74% to 87% over a period of 4 months, allowing for timely dispatch of the trucks for delivery*



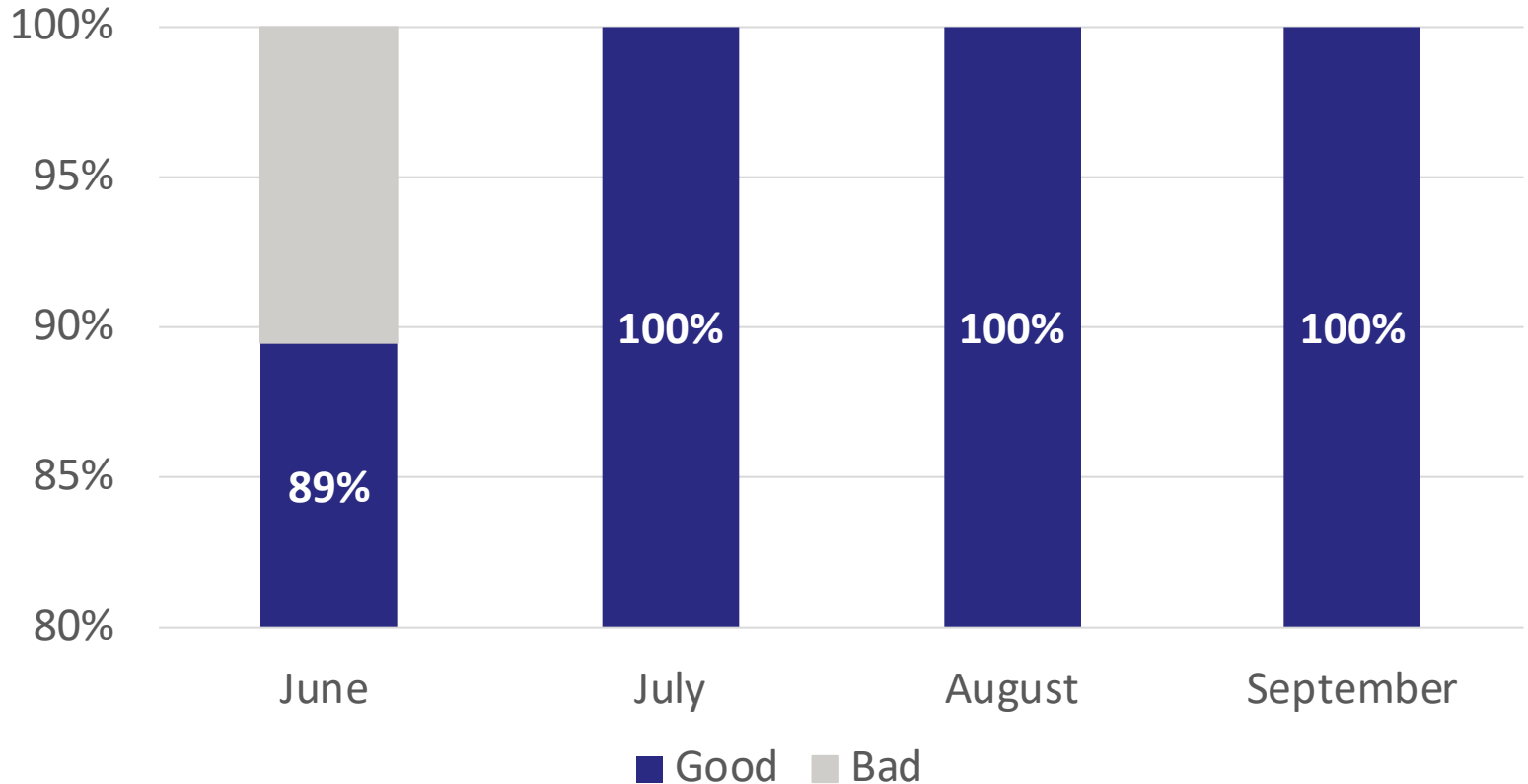
KPI 4: Transit time to destination



*Achievement of transit-time to delivery destinations **of 24 hours** improved from 68% to 100% allowing for timely delivery of commodities*



KPI 5: Truck container condition



To assure good distribution practice, the condition of the truck containers were checked for any debris or hazardous material; with enhanced monitoring, container cleanliness improved from 89% to 100%



Lessons learned

- **Increased data visibility** through the tracking tool assisted in better management of the subcontract in responding to:
 - Availing of trucks for delivery;
 - Delayed loading time at MSL; and
 - Delayed lead-time to the delivery points
- The **tripartite subcontract** mechanism allowed for ease of information exchange among parties and team building, and **capacity building** of MSL in the **management** of a 3PL contract
- **Celebrating successes** during performance review, however small, was critical in **motivating stakeholders** to strive for better performance in the next cycle



Way forward

- **Interim:** As capacity is being built, maintain subcontract with continued monitoring and systems in place to ensure ongoing success
- **Medium-term:** Goal to shift the management of 3PL contracts to MSL



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Questions?



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The USAID Global Health Supply Chain Program-Procurement and Supply Management (GHSC-PSM) project is funded under USAID Contract No. AID-OAA-I-15-0004. GHSC-PSM connects technical solutions and proven commercial processes to promote efficient and cost-effective health supply chains worldwide. Our goal is to ensure uninterrupted supplies of health commodities to save lives and create a healthier future for all. The project purchases and delivers health commodities, offers comprehensive technical assistance to strengthen national supply chain systems, and provides global supply chain leadership. For more information, visit ghsupplychain.org.

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