Driving Resiliency in Healthcare

Pete Bennett, SVP Global Logistics

FY25

Driving resiliency across Healthcare's supply chains

Healthcare Industry Resilience Collaborative (HIRC) Resiliency and Transparency Badges

Industry leader in supply chain transparency and resiliency

The HIRC badge recognizes Cardinal Health's continuous efforts and commitment to supply chain resiliency and transparency.

 Increases trust with providers

 Increases supply chain reliability to improve patient outcomes

 Helps healthcare providers more readily select suppliers with demonstrated resilience

Healthcare Industry Resilience Collaborative (HIRC), a non-profit consortium of healthcare supply chain leaders focused on increasing transparency and resiliency.

"This award and highest level of recognition from HIRC demonstrates the strengths and differentiators across our supply chain, as well as our ability to respond quickly to disruption so our customers can focus on what matters most – delivering safe and quality patient care."

- Peter Bennett, SVP, Global Logistics, Global Products and Supply Chain

Resiliency measurements

Cardinal Health achieved "outperforming" scores in a variety of categories, earning a **HIRC Resiliency Badge** at the **Diamond Level**. A total of eight management domains were evaluated using a robust scoring rubric, including:

Demand Planning

Inventory Management

Logistics

Supply Chain Management

Supplier Management

Risk Management and Contingency Planning

Operational Health

Market Conditions

"Resilient supply chains within medical product distribution are the backbone of quality patient care, which is why the depth and rigor of the Resiliency Badge assessment is so critical. Cardinal Health has exceeded a very high bar established by HIRC's cohort of 350 domestic healthcare leaders across the provider-supplier spectrum."

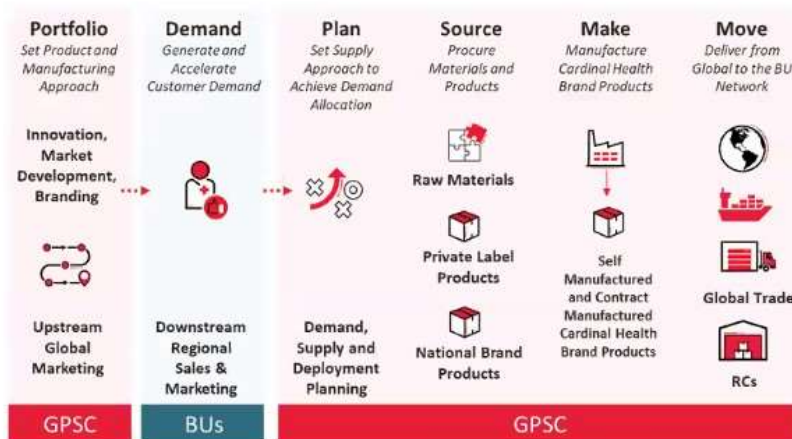- Jesse Schafer, HIRC Executive Director

Driving Resiliency in Healthcare

Integrated Supply Chain Transformation
Global Network

The role of the **Global Products and Supply Chain (GPSC)** organization is to set the global portfolio strategy and then plan, source, make, and move high-quality products across the Global Medical Products and Distribution network.

Global Network

Portfolio	Demand	Plan	Source	Make	Move	Redeploy	Deliver
Set Product and Manufacturing Approach	Generate and Accelerate Customer Demand	Set Supply Approach to Achieve Demand Allocation	Procure Materials and Products	Manufacture Cardinal Health Brand Products	Deliver from Global to the BU Network	Allocate Products across Network	Distribute Products to our Customers

Innovation, Market Development, Branding

Raw Materials

Private Label Products

Self Manufactured and Contract Manufactured Cardinal Health Brand Products

National Brand Products

Global Trade

US GPSC DCs

Canada DCs and Global LSPs

Channel Partners DCs and at-Home Solutions

Acute and Alternate Sites of Care

Upstream Global Marketing

Downstream Regional Sales & Marketing

Demand, Supply and Deployment Planning

RCs

GPSC	BUs	GPSC

Breadth and Scale

25B+ Cardinal Health™ Brand medical products produced and sourced annually worldwide

28 FDA and International Regulatory Body approved medical product manufacturing facilities globally

40 6 Replenishment Centers and 34 US DCs optimized to deliver products across the global network

19K+ Global employees including upstream marketing, sourcing, manufacturing, planning and logistics

Standards

Resiliency

What resiliency standards will mean to providers and suppliers. How will transparency be measured?

Transparency in Healthcare

Transparency is a critical foundation to healthcare supply chain resiliency.

- **99%** of providers and suppliers agree that in order to create a more resilient healthcare supply chain, we must increase transparency.

- **100%** of providers and **92%** of suppliers agree that transparency, including visibility to geography and business continuity planning, is important to supply chain resiliency.

- **77%** of providers are more likely to do business with a supplier who has the Transparency Badge, all else being equal.

- **88%** of suppliers agree that having the Transparency Badge will have a positive and meaningful impact on their customer's perception of them.

Source: HIRC's provider and supplier member survey

Multifaceted Approach

Resiliency Metrics

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Leveraging both lagging and leading indicators to drive supply health and resiliency means both *providers* and *suppliers* have complete business alignment on factors that drive a positive experience for patients.

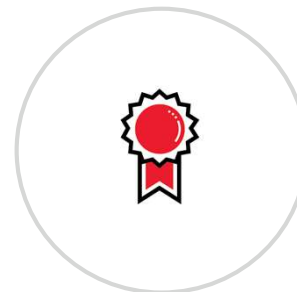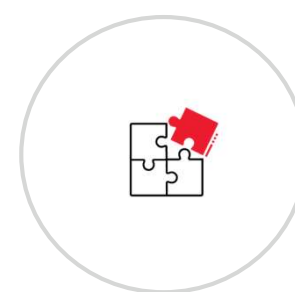**+98%** Service Level
Driving performance results

+85% Forecast Accuracy
Driving planning accountability to drive the right mix signal

+/-5% Bias
Driving planning accountability to drive the right volume signal

+85% Inbound Supplier Performance
Driving action and accountability to scorecard supplier leading indicators

+70% Net Requirements Attainment
Driving action and accountability to scorecard manufacturing leading indicators

+80% Technology Adoption
Driving conversion to enable performance new tools and technology

Supply visibility and resiliency

Technology

How does technology play into healthcare supply visibility and resiliency?

CPFR Model

Collaborative Planning, Forecasting & Replenishment

History and Evolution

Developed by the Voluntary Interindustry Commerce Standards (VICS) Association

- Standardizing framework and guidelines
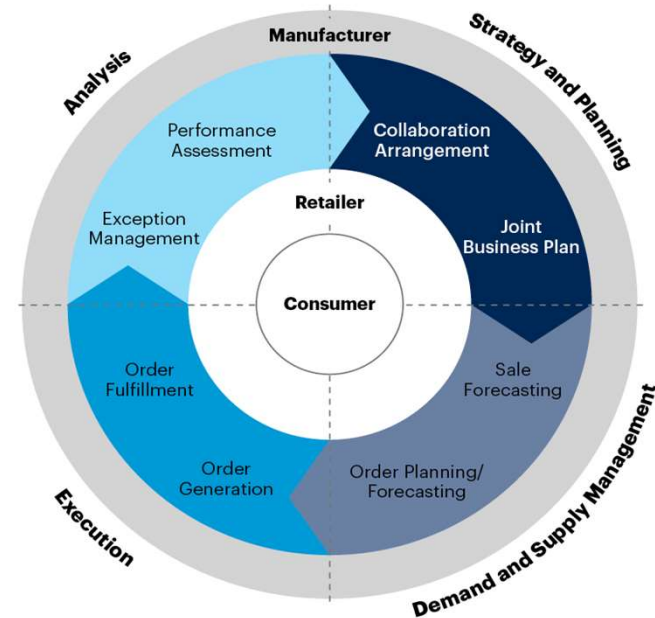- Adopted widely within CPG Industry

Benefits:
- Win-Win opportunities
- Increased partnership and transparency
- Increased forecast accuracy
- Reduced inventory
- Increased service levels
- Reduced uncertainty and mitigation plans

Source: Gartner; *Break the Boundaries of Your S&OP and Establish Collaborative Planning With Key Customers*

Adapted from Voluntary Industry Commerce Standards (VICS)

VICS Model for CPFR

■ Plan to Collaborate ■ Collaborative Forecasting ■ Collaborative Replenishment ■ Analyze, Review, Learn Update
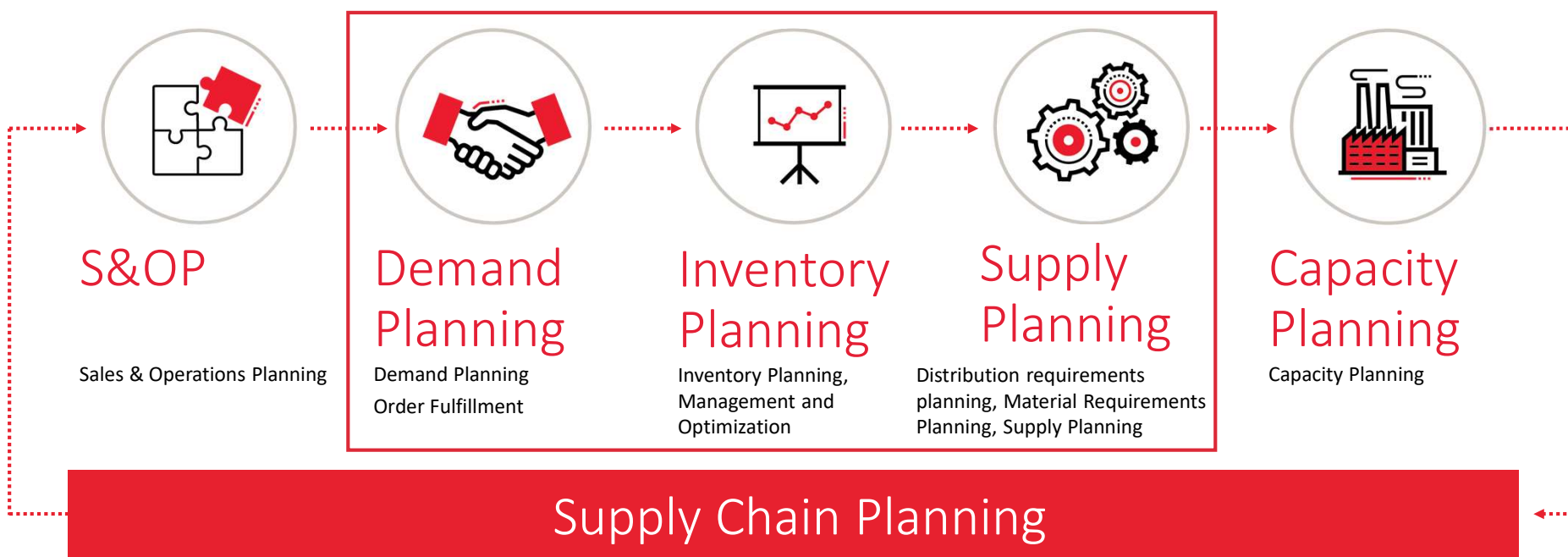

Source: Adapted From Voluntary Interindustry Commerce Standards (VICS)
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Gartner.

Integration

S&OP

Sales & Operations Planning

Demand Planning

Demand Planning
Order Fulfillment

Inventory Planning

Inventory Planning,
Management and
Optimization

Supply Planning

Distribution requirements
planning, Material Requirements
Planning, Supply Planning

Capacity Planning

Capacity Planning

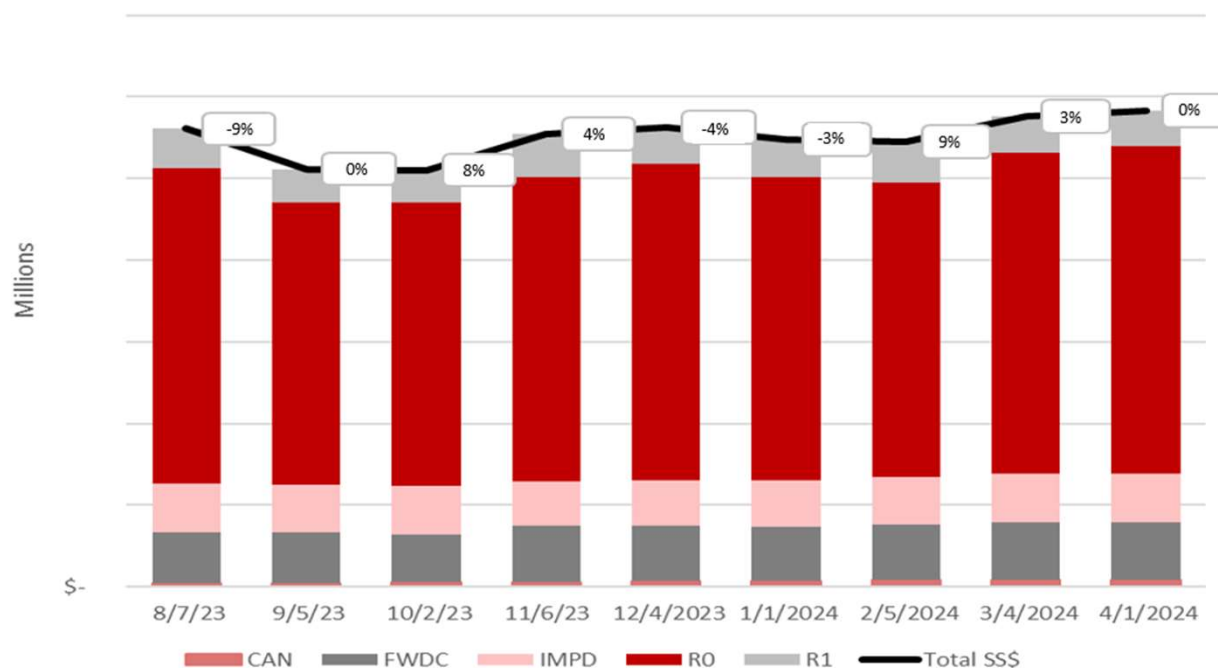## Supply Chain Planning

Supply visibility and resiliency
Tools

How does Inventory Management improve outcomes and make Cardinal Health more resilient?

Multi Echelon Inventory Management

CAH SS$ by Site - FY24 Trending

MEIO target fluctuates to improve service predictability

- **By Location:** Replenishment Centers typically account for the highest value of inventory; postponement strategy
- **By Category:** Synchronized by product lifecycle management