

2022 annual review





### 2022, A record year

THE WAR IN UKRAINE HAS LED TO A SIGNIFICANT INCREASE IN MSF SUPPLY ACTIVITY IN 2022, BEATING RECORDS IN 9 OUT OF 10 DEPARTMENTS.

Records in terms of number of order, the price of transport, the volume shipped, the recruitments but also, in return, records in terms of non-conformities and claims management.

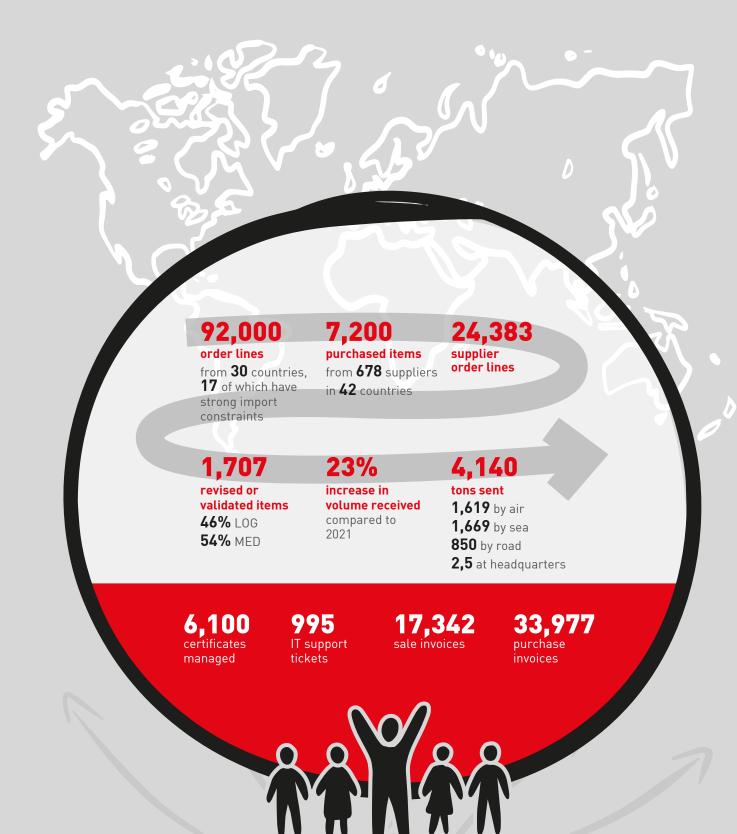
On top of that, the market was still disruptive with product shortages and price increases impacting the entire supply chain. Technical orders also exploded and the warehouse had to absorb the volumes without expanding. The solutions provided were therefore ingenious like new racks, Kardex solutions and storage in the neighbouring building.

The flip side of this exceptional situation are the men and women who have given their all to meet the needs and specificities of an emergency that is unprecedented in the history of MSF Supply. In all departments, the teams had to face the influx of orders and new products to be processed with the same high quality standards which are our strength. Inventiveness, resilience and professional commitment have allowed us to face the emergency in Ukraine and then in Afghanistan and Haiti, which were added in June and October 2022.

For all this and for the «regular» work, I can only thank the MSF Supply teams for their professionalism and dedication.

### You can be proud of the work done and of the objectives reached!

This report attempts to review this «year of records» by choosing some themes common to the whole structure and by providing key figures.



120
employees
to carry out the flow



### **Operations**

Operations, in addition to regular activities in more than 30 countries, were marked in 2022 by emergencies that were unprecedented in MSF Supply's history.

#### **UKRAINE EMERGENCY**

The Ukrainian emergency was unusual because of its volume, with more than 7,000 order lines starting in February, but also because of the specific technical requirements (a fully medicalised train), which presented a real challenge. We have expertise in managing large-scale emergencies, especially when they are «standard» (cholera, Ebola, earthquake), but the Ukrainian crisis was so specific that the teams on the ground had to redouble their creativity and we had to adapt quickly to their needs by finding innovative solutions and new sourcing.

#### **HAITI EMERGENCY**

The cholera emergency declared in Haiti in October 2022 ran until mid-January 2023. The challenges encountered were the shortage of Ringer's stock at MSF Supply but also on the international market due to the extraordinary quantities ordered (20,000 units per week for OCB alone). A good coordination with the OCB as well as constant support from the MSF Supply purchasing department and the regional HUBs allowed us to find a solution to fulfill the orders. Regarding transportation, 4 charter flights were organised (3 by MSF Supply and 1 by APU). A consolidation was also made on one flight with MSF Logistique and on 2 flights with APU. The challenges were numerous, between the low availability of commercial flights, the volume to be shipped and the repeated breakdowns of the planes which caused delays in ETAs in Port-au-Prince at the end of the day, making the unloading operations complicated because of the security conditions on site.

#### **AFGHANISTAN EMERGENCY**

In addition to the regular activities of the mission, we responded to an emergency following the earthquake in Bermal in June 2022. In terms of supply flows, since the return to power of the Taliban in August 2021, import constraints have become more rigid and delays are longer. Transport possibilities are impacted on all sides:

- Regular airlines have ceased to operate to Kabul and have not yet resumed. The alternatives are shared flights financed by DG ECHO - limited and random availability - and a small Afghan airline.
- On the road, our usual routing via Russia is impacted by the war in Ukraine.
- In maritime, shipments via Karachi to Pakistan are currently fluid but subject to
- sporadic border closures (demonstrations, security or diplomatic incidents).

In collaboration with the team in Kabul, we are developing our creativity on new multimodal routings, notably air-road via neighboring countries (Pakistan, Uzbekistan and Iran), air via Tajikistan (link with Kabul via small MSF passenger plane) and sea (via Iran).

Operations at MSF Supply also include sending staff to provide concrete help in emergency situations, to launch projects or to develop links between the mission and MSF Supply with a view to increasing efficiency and autonomy of the teams on site.



### Record levels... of constraints

In 2022 MSF Supply faced many challenges, one of which was the constant increase in countries strengthening their import constraints related to medicines and medical devices. No less than 6 countries have increased their requirements (Kenya, Lebanon, Mozambique, North Sudan, Venezuela and Yemen). The DRC has also recently required detailed certificates of origin. This shows that nothing can be taken for granted and that MSF Supply must constantly evolve. Three dossiers to respond to emergencies in Uganda, Ethiopia and Libya (ACF) mobilised no less than 6 departments.

Today, 60% of the missions are in countries with import constraints. Between 2021 and 2022 MSF Supply has seen a 33% increase in the number of batch related documents made available for our operations (6,100 certificates managed in 2022). These are mainly certificates of analysis, sterility certificates and detailed certificates of origin. In addition to these documents, there are requirements for packaging in English, banned origins (Israel or India) and specific packaging (obligation to supply medicines in blister packs). Another significant workload for the Ops and Freight desks is the «split» required by the authorities, where it is necessary to group certain items in a single order or freight, but also to exclude some.

To meet this challenge, we reorganised the team managing the documentation and its information systems. A reflection on the sources of medical products has been initiated. The choice of products is becoming more complex because they must meet the constraints, be rapidly available and affordable for missions with few constraints (for the moment). The Operations, Products, Purchasing and Replenishment Departments are playing a balancing act to satisfy the numerous orders as best as possible.

Thanks to the collaboration with MSF Log and the ESC Regulatory Affairs Pharmacists we have become more interoperable. Our two supply centers now use the same documents to attest the origin of our products. An alignment exercise in the definition of our certificates has also been successfully completed.

### Strengthening partnerships outside MSF

MSF Supply's activity for its external partners (excluding MSF) was even more sustained in 2022 than in previous years, representing almost 20% of the turnover (18% in 2021).

This increase is due in particular to large orders for the emergency in Ukraine. The partners are mainly IMC (International Medical Corps - orthopedic equipment) and the Norwegian Red Cross (40 cars).

The turnover for the usual partners such as ALIMA, ACF or UNICEF remained stable..

Among the **projects that were completed in 2022,** we can highlight:

- The development of a framework agreement with ACF that is about to be finalised.
- Participation in the French Red Cross' call for tender for medicines and a proposal for a framework agreement in the near future.
- The extension until 28.05.2024 of the contract with UNICEF for the manufacture of nutrition kits.
- ALIMA's focus on shipping, to reduce carbon emissions and costs. It represents 12 freights in 2022 versus 3 freights in 2021 and 1 freight in 2020.

The road transport to Ukraine for our external partners has been free-of-charge (except for MSF Supply admin costs).

### Among the new partners in 2022:

- Norwegian Red Cross (Ukraine)
- Caritas Belgium (Ukraine)
- Unichir (Belgian NGO which ordered the DRC)

### An ever-increasing willingness to work between supply centers

As far as the collaboration between the three supply centers is concerned, links have already existed for several years. Nevertheless, 2022 marks a real acceleration in collaboration, the desire to align and exchange best practices. The Purchasing, Quality, Operations, Shipping, Replenishment and Products departments are the most involved on a recurring basis (weekly/monthly scheduled meetings) in a joint effort with APU and MSF Log. Relationships are fluid between the different centers and often allow for consultation to share experience, information and processes in order to improve efficiency. If APU is sometimes less consulted by other departments, it is mainly because the IT system is not the same as ours and therefore differs in terms of process.

### 2022 was all about sharing:

 Resources: we include the recruitment of an ESC Regulatory Affairs Pharmacist, the sharing of an FTE for the RFQ, the sending of 3 common charters for the Haiti mission and shared containers, with the execution relay of each center.

- Responsibilities: development of common strategies and negotiations in order to align on commercial conditions in an increasingly volatile context.
- Good practices: in addition to sharing commercial, technical and feedback data, we can count on the alignment and optimisation of our systems with those of MSF Log, notably through projects such as: Portal, Claims tool or Baseware (invoice digitisation system).

### Responses to a disrupted market

The very tough environment of 2022 led to a disruption in the global supply chain. Manufacturers and distributors have had difficulty meeting the need for raw materials and finished products. The impact of these shortages was a dramatic increase in prices. This disruption naturally had an impact on MSF Supply, which had to make additional efforts by expanding its supply network and activating new alternative sources to be able to meet orders in the field in a timely manner. We adapted a stock-management strategy by revising our stock-management formula and strengthening stock levels of the 166 items most ordered by the mission, including therapeutic food.

Concerning the transport service providers and in particular following the closure of the Afghan borders, the 5 DG ECHO shared flights mentioned above were a response from the teams to transport the material necessary for the mission.

### The savings made

Despite the challenges of the pandemic, the war and a highly disrupted market that has generated global inflation, the MSF movement has still managed to save 3.7 million euros in procurement during 2022. MSF Supply corresponding to 37% of this value, or 1.4 million.

Cost prevention is always part of our best practices. Through careful analysis of the orders received, we are able to cross-check with the mission whenever possible to provide them with better alternatives or to help them correct requests that are not regular. For example, we managed to avoid a €10,000 expense for Afghanistan by revising the model of the X-ray machine that would be most suitable.

As far as our structure is concerned, our bonded warehouse brings significant advantages for the organisation: MSF Supply is exempt from customs duties and is exempt from VAT on non-European products.

In terms of transport, DG ECHO finances flights to Afghanistan, for which there are no more regular flights. We have thus been able to benefit from 4 shared flights and one emergency shared flight following the earthquake at the end of June. In total, 200 m³ and 37.4 tons were shipped in 2022, which represents approximately 180,000 € in transport costs saved for this destination.

Our Known Shipper status allows us to be exempt from physical inspection of our goods at the airport and has saved us approximately €276,000 over the year 2022.

Overall, despite the effects of inflation, we have managed to cope with a tight financial situation and provide the best services to our missions.

### Climate response

Apart from the actions and projects covered by the strategy, there are a multitude of ways to move towards a more responsible and greener working environment. This started in 2022 with the ECOVADIS assessment of our suppliers.

The product teams have been made aware of their travel to suppliers and conferences. The environmental impact of the product is starting to be integrated into the ESC and OC level thinking in the validation process. There are even ad hoc managed initiatives such as reusable medical mask testing for specific cases. This is an important start to rolling out this thinking and making it a habit.

In terms of transport, MSF Supply's ERP has been adapted to allow for grouped import transport by sea rather than by air. Grouped inter-ESC charter shipments have also been organised and direct shipments from suppliers to the mission are preferred when possible, as it was the case for tents sent to Ethiopia.

On the Finance side, a feasibility study was conducted to determine all possible contexts where mailing of paper documentation might be reduced.

Finally, as all actions contribute to building awareness among employees, even Saint-Nicolas chocolates have evolved thanks to a Belgian partner (local, artisanal and organic product)!

## The new strategy

THERE ARE RECURRING CONSTRAINTS IN THE SUPPLY CHAIN, AS WELL AS SPECIFIC CHALLENGES THAT HIGHLIGHT NECESSARY AREAS FOR IMPROVEMENT. IT IS IN ORDER TO FACE AND ANTICIPATE THESE TWO TYPES OF PROBLEMS THAT MSF SUPPLY'S NEW STRATEGY HAS BEEN THOUGHT OUT, WORKED ON FOR ALMOST A YEAR, AND THEN LAUNCHED IN APRIL 2022.

Outward-looking and clearly mission-oriented, the strategy is built around 4 major axes (mission orientation, processes and systems, partners and talents). These 4 axes are broken down into ambitions, which are taken up by working and reflection groups called clusters.

This is the beginning of the tangible implementation of the strategy, which then takes the form of strategic actions or projects.

MISSION

AXES

Strategy

AMBITIONS

Strategy implementation

STRATEGIC PROJECTS
AND ACTIONS

**CLUSTERS** 

Divided into cycles in order to adapt to changing needs, the clusters are reviewed every 4 months and the strategy is reviewed once per year. The concept of agility is thus integrated in order to let the strategy reinvent itself when necessary.

### In April 2022, 11 clusters were opened

by the mission.

in order to start the implementation of the strategy.

| CLUSTER  | STRATEGIC ACTIONS  | STRATEGIC<br>PROJECTS |
|--|--|-----------------------|
| Emergency response  Have up-to-date emergency stocks (items and quantities) to be able to respond to urgent requests from our partners. Review the internal MSF Supply flow for the management of urgent requests.   | PAST: Revision of scenarios; Release of outdated kits; Alignment with Epool  ONGOING: Analysis of the list of items to be offered and stock adjustment BE01MBE; Analysis of the financial impact and storage capacity  FUTURE WITH OCB:  • Approval of the new revised stock BE01MBE • Establishment of a management contract • MFH 1 stock levelling • Regular follow-up  FUTURE MSF SUPPLY ONLY: Review of Emergency management procedure; Emergency Coordinator's Handbook  | NA                    |
| Communication and image of MSF Supply  MSF Supply wishes to increase its visibility with internal and external partners, the general public and the MSF movement in order to be better known and recognised  | PAST: Warehouse cover, visits (PPT redone), website redesign ONGOING: Newsletter FUTURE: Social networks and building signage  | NA                    |
| Lead Time Fiable  The lead time for international orders is fragmented (under different responsibilities), long and complex in the sense that it can be impacted by several external variables.  However, it remains essential data along the chain to avoid any rupture having an operational impact on our partners. We therefore decided to improve our lead time by co-building with the missions an optimised and reliable lead time until the reception by the missions. | <ul> <li>ONGOING: Compilation and follow-up of the partners' order chronograms in order to pre-empt their needs.</li> <li>ONGOING: Definition and validation of the timestamps that make up the lead time.</li> <li>FUTURE: Consideration of RDD at time of order and estimated arrival date at time of order confirmation → revision of systems and processes in order to integrate this notion throughout the chain.</li> <li>FUTURE: Segmentation of items by type of lead time: short and reliable, long and reliable or unreliable in order to announce more realistic lead times to our partners → launch of a working group.</li> </ul> | NA                    |

### Countries with constraints (mission relations)

The import constraints are increasingly numerous and rapidly changing. The objective is to allow MSF Supply to adapt as quickly as possible to any new constraint by setting up adequate tools for monitoring, follow-up and updating of these constraints.

**PAST**: Finalisation of the Service catalog with the files on the validation process of import constraints

**PAST**: Revision of the country sheet to standardize the recording of import constraints

PAST: Development of a platform for collaboration between missions and desks to improve communication flows and to absorb new constraints in a dynamic way

**ONGOING**: Implementation of the collaboration platform and the country file with all missions

Review of SLA

### Green

To achieve the ambitious goal of reducing our CO2 emissions by 50% by 2030, the Green Cluster is organised around 2 groups/themes

- MSF Supply's carbon footprint reduction project in collaboration with the Climate Action Accelerator
- the Ecoteam for a reflection on internal actions close to the employees

#### 1. Climate Action Accelerator

- setting up follow-up meetings with the CAA
- end of data collection for MSF Supply carbon footprint construction (2021) March 2023
- creation of thematic groups to work on the roadmap
- integration of the OCB roadmap into our strategy

2. Launch of the Ecoteam with Ma Petite Planète and monthly meetings to define actions to make our daily life 'greener' on our premises

Log & Freeze Tags

### **Data Quality**

We want high data quality that will enable employees to make strategic and operational decisions with confidence

### PAST:

- Hiring a Data Quality Analyst
- Have a completed data governance policy
- Create a mapping of the essential data

#### ONGOING

- Assisting the product team in monitoring data quality
- Participation in PCAST
- Work on country constraints data in collaboration with the country constraints cluster

NA

### FUTURE:

- Communication on governance
- Set up a system to centralise and capitalise on requests
- Assisting other teams in monitoring data quality
- Implementation of a monitoring table on data quality

### **System** (interoperability/sharing)

Create synergies, common projects with MSF Log on the revision of information systems where there is an interest to mutualise or an interoperability interest for MSF Supply, to quote as example the portal systems or Nodhos.

**PAST**: Evolution of the «transport tender» tool to integrate MSF Log (same tool)

**ONGOING:** Writing an ICT for the joint MSFL/MSFS Information Systems Review project (Phase 1: tool identification)

**FUTURE**: Validation of the Information Systems Review project flowchart

ONGOING:

Portal and Extranet migration; Claims, Unimeds,

• **FUTURE**: MD Repository

### **System**

### (Countries with constraints - Stock & Sourcing)

Identify new actions related to sourcing validation, storage management and purchasing criteria, to ensure availability of supply sources that meet country constraints at an acceptable price for all missions. PAST: Kick-off of the analysis with the KYU consultant, validation of the work areas for 2023 with the committee

**ONGOING:** Definition of adaptations in Nodhos to improve data quality; Continuation of corrections/ updates on Nodhos; Roll-out of new sourcings from the priority list to be worked on.

#### **FUTURE**

- Revision and construction of a new validation and purchasing policy for sourcing (short term)
- Recruiting for data correction of priority medical products -constrained country project (short term)
- Communication to OCB, IO and ESCs of the results of the 2022 analysis and actions (Short term)
- Building KPIs (Medium-term)
- Definition of a solution to identify in an automated way the adequate sourcing according to the destination as well as a methodology to better arbitrate the choice of products to stock (Long term)

### **FUTURE**:

project of stock management arbitration tool / project of adaptation of interfaces and processes for countries with constraints

### **System** (Flexibilisation)

Give priority to actions and projects that:

- improve MSF Supply services to missions
- resolve major operational bottlenecks

**PAST**: Action around the definition of the cluster and on its scope.

#### **FUTURE**:

- Establishment of an evaluation grid for the different criteria.
- Work with the PCAST and the Key Users platform on potential issues to be integrated into the cluster. Mapping of operational blockages at MSF SUPPLY, choice of priority according to the mapping

### ONGOING

De-packing and MOQ/ MOV management

### FUTURE:

Traceability and confirmation OP/AC

### Roles and Responsibilities accessible and known

Clarify and communicate Roles and Responsibilities (R&R)

**PAST**: R&R available for each employee; creation of a mapping of MSF Supply processes

**ONGOING:** Finance Department analysis and review of R&R

FUTURE: Team charter common to all departments

### NA

### Skills development

Managers and employees are equipped for individual interviews. They are integrated into a development framework that is followed and monitored..

**PAST**: Dictionary of skills

**ONGOING:** training and staff development plan, individual interviews

NA

Not all clusters have an ongoing or planned strategic project because they are based on a series of actions, while other clusters base all their work on the conduct of one or more strategic projects. Some projects from the previous strategy have naturally found their place in a Cluster.



# Projects at MSF Supply in 2022

THE PROJECTS LISTED BELOW ARE STRATEGIC PROJECTS AS WELL AS CROSS-FUNCTIONAL PROJECTS THAT FALL OUTSIDE THE SCOPE OF THE USUAL CONTINUOUS IMPROVEMENT PROCESS, SINCE THEIR ACTIONS HAVE AN IMPACT ON SEVERAL DEPARTMENTS. FINALLY, LEGALLY AND TECHNICAL REQUIRED PROJECTS ARE ALSO TAKEN INTO ACCOUNT.

THESE ARE THE 3 CATEGORIES OF PROJECTS INCLUDED IN THE PRIORITISATION SINCE 2022, IN LINE WITH THE NEW STRATEGY.

CONCEPTS AND SOON-TO-BE

**PROJECTS** 

classic projects: 2 simplified projects: 7 NA · 7 35 PROJECTS 13 ACTIVE

PROJECTS

classic projects: 12 simplified projects: 1

INACTIVE PROJECTS

classic projects : 6

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

DEPARTMENTS OUT OF 10 currently engaged in a project

### Year 2022 Project List:

### ACTIVE PROJECTS

**ACTIVE** LOG & FREEZE TAGS

**INBOUND TRANSPORT** 

PORTAL AND EXTRANET MIGRATION

DE-PACKING CLAIMS MANAGEMENT

**UNIQUALITY / UNIMEDS** 

DIGITALIZATION OF INVOICE PROCESSING

MOQ/MOV

**FORWARDING CONTRACTS** 

FINACC MIGRATION AND CASH-NETTING INSTALLATION

STREAMLINING OF SUPPLIER ORDERS

**SERVICE LEVEL AGREEMENT (SLA)** 

MEDICAL DEVICES (MD)
REPOSITORY

### **INACTIVE PROJECTS**

**INACTIVE** MED2 - MEDICAL STANDARD LIST

FORECAST/NEEDS ANALYSIS MSF SUPPLY

UNBUNDLED MANAGEMENT OF ARTICLES/MANUFACTURERS/ SUPPLIERS

**SUSTAINABLE TRANSPORT** 

PACKAGING DIFFERENT PRICES BY LEVELS

### CONCEPTS AND SOON-TO-BE PROJECTS

**CONCEPTS** SINGLE DATA ENTRY (SDE)

**OP/AC CONFIRMATION PROCESS** 

COUNTRY FILES IN THE DANGEROUS PRODUCTS PORTAL

SYSTEM - STOCK & SOURCING TO COUNTRIES WITH CONSTRAINTS

NEW TRACEABILITY + SYSTEM FLEXIBILITY

CRITERIA ASSIGNED ORPHAN ITEMS

MANAGEMENT OF REQUESTS FOR NEW SERVICES

READY-TO-USE THERAPEUTIC FOOD (RUTF)

**SUPPLIER PERFORMANCE KPIS** 

HARMONISED SYSTEM CODE (HS CODE)

COMPLETED PROJECTS

**COMPLETED UPDATE OF ELECTRICAL PANELS** 

**AUTOMATIC BILLING** 

**INFORMATION UPDATE (MAJI)** 

**DICTIONARY OF SKILLS** 

MEDICAL DEVICES REGULATION

(MDR)

**OUT-OF-STOCK ANALYSIS** 

**MIGRATION DESCARTES** 

**MIGRATION GOLD PDA VOCAL** 



### The lessons and pride of 2022

An exceptional year requires an exceptional response. All MSF Supply departments underline the ability of the teams to have faced a record demand from the missions, in a context of disruption but with the same resources. The ability to respond to numerous emergencies was possible thanks to a strong collaboration between the purchasing centers and with OCB. «Together, we are stronger» could summarise a shared feeling. At MSF Supply, the mutual support within the teams, the HR mobility, the personal investment and the good mood have allowed us to stand up. The teams proved to be resilient, creative and efficient.

### **Opening for 2023**

The efforts made in 2022 have brought to light several expectations and wishes in the way of operating at MSF Supply, in order to be ready to face similar situations in the future. For example, it is a question of adapting our systems to be even more flexible but also more efficient and to manage orders in a context that is becoming harder and more complex (constraints, prices).

There is also a desire to strengthen cooperation with OCB and the ESCs, to anticipate risks as much as possible, and to manage change. Better communication and fluid systems and relationships could help in this regard.

In all cases, MSF Supply departments agree on the need to facilitate actions in order to meet the needs of the missions.

PROCESS MAPPING **EMERGENCIES MUTUALISATION VOLUME ADAPTATION** COLLABORATION **FLEXIBILITY CONSTRAINTS FLEXIBILITY** SNEA **PRICE TEAMWORK CHALLENGES** LACK OF SPACE **RESILIENCE** COMPLEXITY

FREE TRANSPORTATION CHANGE

COMMITMENT MOBILITY

REACTIVITY



### MSF Supply