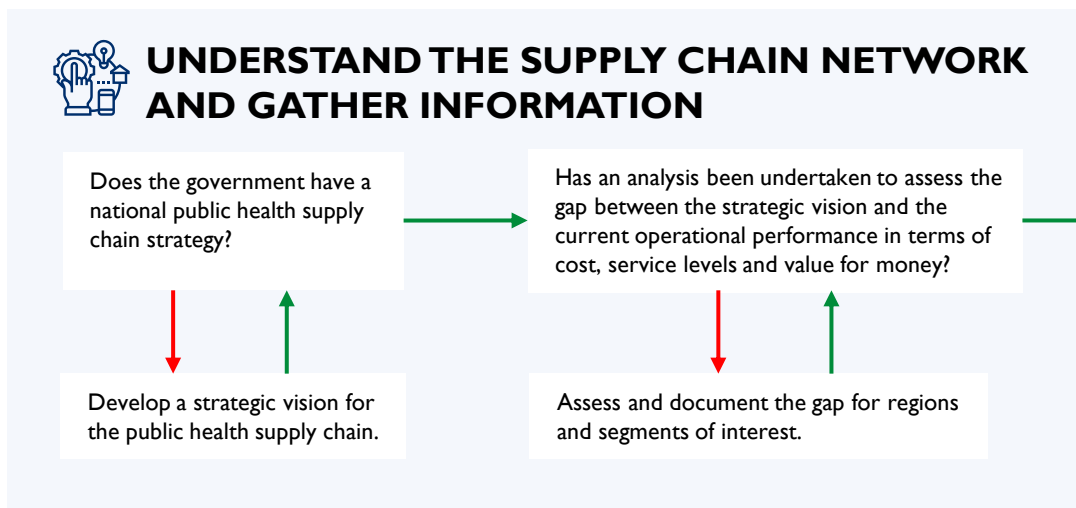# SUPPLY CHAIN OUTSOURCING DECISION FRAMEWORK
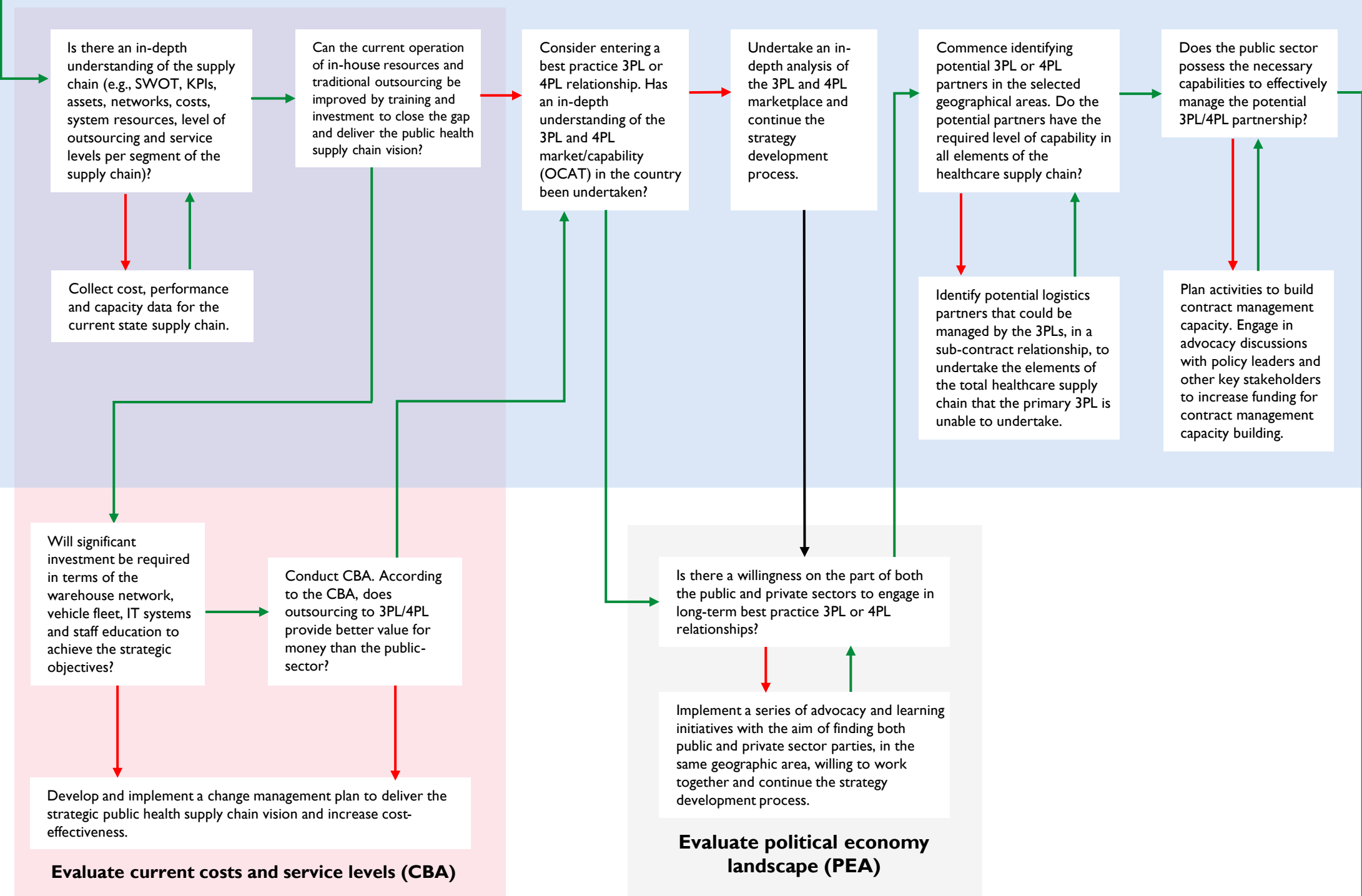
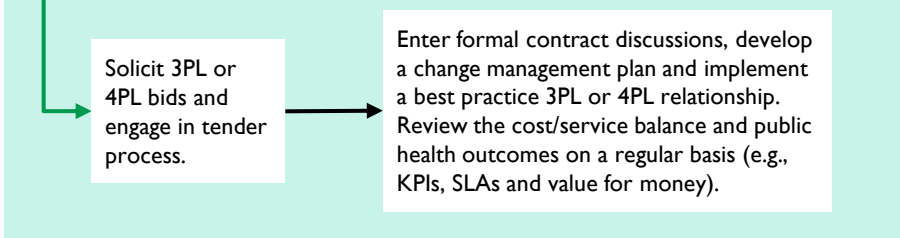→ Yes/positive response   → No/negative response   → Transition to the next step without a "Yes" or "No" response

UNDERSTAND THE SUPPLY CHAIN NETWORK AND GATHER INFORMATION

Does the government have a national public health supply chain strategy?

Develop a strategic vision for the public health supply chain.

Has an analysis been undertaken to assess the gap between the strategic vision and the current operational performance in terms of cost, service levels and value for money?

Assess and document the gap for regions and segments of interest.

Evaluate current operational capacity (OCAT)

Is there an in-depth understanding of the supply chain (e.g., SWOT, KPIs, assets, networks, costs, system resources, level of outsourcing and service levels per segment of the supply chain)?

Collect cost, performance and capacity data for the current state supply chain.

Can the current operation of in-house resources and traditional outsourcing be improved by training and investment to close the gap and deliver the public health supply chain vision?

Consider entering a best practice 3PL or 4PL relationship. Has an in-depth understanding of the 3PL and 4PL market/capability (OCAT) in the country been undertaken?

Undertake an in-depth analysis of the 3PL and 4PL marketplace and continue the strategy development process.

Commence identifying potential 3PL or 4PL partners in the selected geographical areas. Do the potential partners have the required level of capability in all elements of the healthcare supply chain?

Identify potential logistics partners that could be managed by the 3PLs, in a sub-contract relationship, to undertake the elements of the total healthcare supply chain that the primary 3PL is unable to undertake.

Does the public sector possess the necessary capabilities to effectively manage the potential 3PL/4PL partnership?

Plan activities to build contract management capacity. Engage in advocacy discussions with policy leaders and other key stakeholders to increase funding for contract management capacity building.

Evaluate current costs and service levels (CBA)

Will significant investment be required in terms of the warehouse network, vehicle fleet, IT systems and staff education to achieve the strategic objectives?

Conduct CBA. According to the CBA, does outsourcing to 3PL/4PL provide better value for money than the public-sector?

Develop and implement a change management plan to deliver the strategic public health supply chain vision and increase cost-effectiveness.

Evaluate political economy landscape (PEA)

Is there a willingness on the part of both the public and private sectors to engage in long-term best practice 3PL or 4PL relationships?

Implement a series of advocacy and learning initiatives with the aim of finding both public and private sector parties, in the same geographic area, willing to work together and continue the strategy development process.

TAKE ACTION AND REVIEW

Solicit 3PL or 4PL bids and engage in tender process.

Enter formal contract discussions, develop a change management plan and implement a best practice 3PL or 4PL relationship. Review the cost/service balance and public health outcomes on a regular basis (e.g., KPIs, SLAs and value for money).

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