

What to Look for When Choosing a 3PL

When choosing a third-party logistics (3PL), whether for a new product launch or re-evaluating your current situation, certain key considerations must be addressed before making a final decision.

PHARMACEUTICAL COMMERCE: How do you know if you need a 3PL?

GRIMMETT: Emerging or mid-tier manufacturers may need a 3PL to manage their storage distribution, accounts receivable, chargebacks, and contract management. A 3PL allows manufacturers to commercialize products without the capital or infrastructure for a facility to perform the distribution services they need.

A true 3PL partner also acts as a consultant to the manufacturer that provides solutions based on the understanding of the services that are required for them, so the manufacturer can focus on their product approval and create demand for their product.

PHARMACEUTICAL COMMERCE: What's the timing of securing a 3PL?

GRIMMETT: Securing a 3PL for emerging products typically happens with phase II or at the beginning of phase III in the clinical-trial process. It ensures a manufacturer has acquired all the necessary state distribution licenses that are required to launch a product. For manufacturers that are commercializing products, choosing a 3PL typically starts 12 months out. This allows the manufacturer time to perform their due diligence when choosing a 3PL or notify their existing 3PL if they already have one and begin the implementation process with their new one. The implementation process typically takes 60 - 90 days. But with some 3PLs, it can up to 120 days. There are instances where a manufacturer needs to move to a new 3PL very quickly finding a 3PL that is agile and can implement quickly while maintaining business continuity is key.

PHARMACEUTICAL COMMERCE: What should you look for when choosing a 3PL?

GRIMMETT: It is important to choose a 3PL that provides all the necessary services to support the distribution model of the manufacturer: operational automation, in-depth reporting technology, scalability, and a personal consultative approach to design effective solutions. To ensure a maximum return on the manufacturer's investment, the 3PL should strategically design and execute solutions that are driven by market insights and data. The 3PL should be a true partner to the manufacturer, not just a vendor.

PHARMACEUTICAL COMMERCE: What services do you need vs what you can bring on and perform yourself?

GRIMMETT: Service needs vary based on each manufacturer. For example, emerging to mid-tier manufacturers often need to leverage the title model while they work through obtaining their own distribution state licenses that are required to commercialize a product. In addition to storage and distribution services, they may need full order-to-cash end-to-end solutions, chargebacks, and contract management services. As a manufacturer grows, they may then choose to bring order-to-cash services in-house.



Ryan Grimmatt
VP of Strategy and Commercial Planning
Knipper 3PL

Sponsored by



Larger manufacturers that have existing full order-to-cash capabilities use a 3PL for their storage and distribution services.

PHARMACEUTICAL COMMERCE: What are the signs that tell you it's time to find a new 3PL?

GRIMMETT: When a manufacturer decides to leave their incumbent and find a new 3PL, it is usually the result of a few different things. First, customer service: A 3PL partner should provide high touch and high attention without charging a premium. Second is quality and performance: A 3PL should provide highly trained experienced resources by delivering consistent results. Third, a 3PL should have the ability to adapt to a client's needs and tailor solutions for them. Fourth is added services: As manufacturers change and grow, 3PL partners should be able to provide additional services as needed, including sampling services, custom pharmacy solutions, kitting capabilities, relabeling, and DSCSA (Drug Supply Chain Security Act) serialization solutions. The 3PL should have the capability to scale and grow as a manufacturer grows, as scalability ensures a long-term partnership. And finally, reporting and analytics: having a full visualization of your business is key. This includes state-of-the-art and best-in-class technology, so the manufacturer can view their day-to-day operational and financial business.

PHARMACEUTICAL COMMERCE: What characteristics indicate a 3PL's flexibility to meet a manufacturer's unique needs?

GRIMMETT: Again, each manufacturer is different and requires different services. Based on their size and product portfolio, programs should be tailored to meet the manufacturer's need, instead of offering an off-the-shelf canned solution. For example, some manufacturers have unique pricing, unique product returns, or unique business rules and/or distribution.

PHARMACEUTICAL COMMERCE: What characteristics ensure my business is a top priority to my 3PL?

GRIMMETT: A 3PL should understand a client's business and distribution strategy, including attention to detail and focus on performance, and have tenured individuals who understand their industry and business. They should also have the ability to dedicate an account manager or a team of cross-trained individuals to support their business.

A 3PL should understand a client's business and distribution strategy, including attention to detail and focus on performance, and have tenured individuals who understand their industry and business.

PHARMACEUTICAL COMMERCE: What data reporting capabilities should I look for in a 3PL?

GRIMMETT: Data, analytics, and reporting capabilities are extremely important to a manufacturer's business. Having a portal platform at their 3PL that provides informative AI insights and zeros in on any type of outliers allows a manufacturer to keep their arms wrapped around the financial and distribution pieces of their business. Most importantly, data should be stored in one repository. Many 3PLs have some legacy systems in place, and there are different repositories where data is stored. It is key that all data is pulled from one repository to eliminate data reconciliation and enable real-time reporting.

PHARMACEUTICAL COMMERCE: What technology capabilities should I look for in a 3PL partner?

GRIMMETT: Again, technology and innovation are key. A true 3PL partner should have state-of-the-art platforms for their ERP, WMS, DSCSA for serialization, EDI, OMS, and CRM. This, coupled with human expertise and automated operations is the ideal 3PL.