

What Is a Distributor?

- Medical products distributors are a key link in the healthcare supply chain. They facilitate the efficient sale and delivery of goods from manufacturers to healthcare providers.
- Distributors range in size from small companies that serve customers in a local community to large conglomerates that distribute nationwide and internationally.
- Distribution can occur on more than one level to serve the needs of diverse customers.



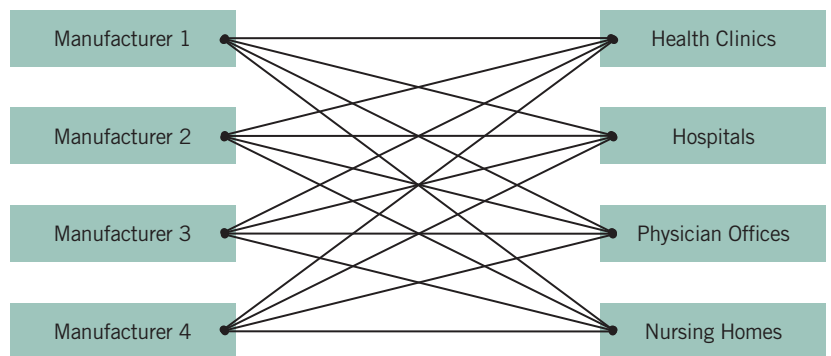
What Do Distributors Do?

Medical products distributors provide a convenient, single point of contact for healthcare providers to purchase and receive a wide array of medical supplies and products.

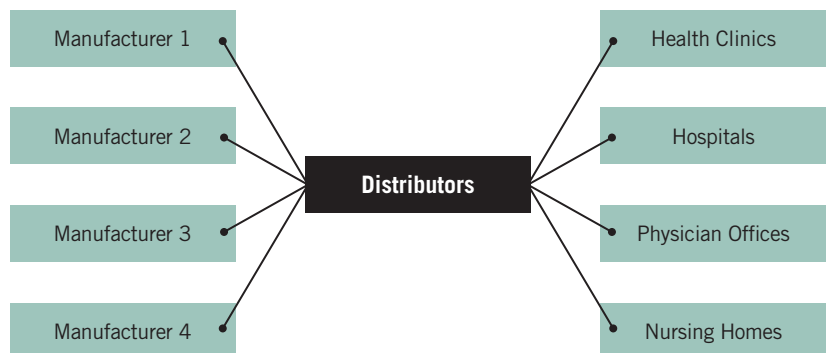
Distributors:

- Reduce the complexity of ordering various products from different manufacturers
- Serve as sales representatives and offer customer service
- Manage delivery and logistics
- Assume supply chain risk for customers and manufacturers
- Extend credit
- Enable customized orders (especially for small healthcare providers)
- Track customers' inventory
- Alleviate storage needs and costs
- Process returned goods and recalls
- Provide information about new products and guidelines
- Offer electronic ordering options and other technology tools to aid efficiency
- Provide same-day or next-day deliveries in many instances

Supply Chain without Distribution



Supply Chain with Distribution



The Healthcare Distribution Industry

- Distributors handle roughly \$30 billion in medical-surgical supply business per year.
- More than 28.6 million orders and 13.3 million outbound shipments are managed by distributors on an annual basis.
- Each year, distributors ship to more than 1.12 million physician, acute care, and extended care accounts nationwide.
- On average, the largest distributors carry more than 600 different manufacturers and 18,000 stock keeping units (SKUs).

*Source: HIDA 2006 Warehouse Operations Survey,
HIDA 2005 Distribution Market Report*

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What Products Do Distributors Handle?

Distributed products can range from gauze and gloves to diagnostic tests, vaccines, and capital equipment (such as beds and electronic medical record systems).

Top Distributed Product Categories

Custom kits, packs, and trays
Parenteral nutrition products
Wound staples and endosurgery products
Woven and non-woven goods
Respiratory products
Gloves
Needles and syringes
Wound sutures
Adhesives, bandages, dressings and sponges
Skin care products
Incontinence products

Who Do Distributors Work With?

Medical-surgical products distributors service the bulk of the nation's physician offices and many of the nation's hospitals, extended care/nursing home sites, clinics, and others. Most distributors serve more than one of these markets. In addition, medical-surgical products distributors work with:

- Manufacturers of devices, diagnostics, disposable supplies, and pharmaceuticals
- Government agencies on purchasing issues, emergency preparedness, public education, public health campaigns, and more
- Industry partners including healthcare trade associations, medical societies, private/public coalitions, and many others

Where Can I Learn More About Distribution?

- Health Industry Distributors Association at www.HIDA.org



HEALTH INDUSTRY DISTRIBUTORS ASSOCIATION
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