Johnson & Johnson Disaster Relief Efforts: Supply Chain Response to Hurricane Maria

John Crenshaw, Regional Director
Johnson & Johnson Health Care Systems Inc.
Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality.

We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens — support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.
2017: Three Major Disasters in Five Weeks

• Hurricane Harvey was the first major hurricane to make landfall in the United States since 2005 and its significant flooding impacted millions of people in Texas

• Hurricane Irma was the longest Category 5 hurricane, prompting the evacuation of over 6M people in Florida and leaving over 1M people in Florida without power

• Hurricane Maria was the worst storm to hit Puerto Rico in over 80 years, bringing heavy rain and flash floods that left the entire island without power and significantly impacted access to food and water for most people

• **These disasters significantly impacted J&J employees and their communities in these regions**
  – In Puerto Rico, nearly 5,000 J&J associates and contractors work across 8 J&J sites
Our Readiness

How we prepared our sites & employees

• Initiated business continuity plan (BCP)
  – Associate communications
  – Infrastructure
  – Product supply

• Storm event tracking
  – Detailed surveillance
  – Hurricane checklist completion

• Facility preparations for impact
  – Controlled process shut-downs
  – Supply readiness (generator fuel, water, etc.)

• Proactively secured relief supplies
  – Established J&J Memphis DC as relief base
  – Transport teams secured dedicated flights for post-storm
  – J&J Government Affairs aligned with Federal, State and local authorities for pre-storm preparation

- Full site generators
- Storm grade facility protection
- Satellite phones
- Fuel / site supplies
- Employee communications
Hurricane Maria: Impact

- September 20, 2017: entire island of Puerto Rico was hit with sustained winds of 155mph

- Island was completely crippled: no power, water, food, gasoline/diesel, banking/ATM, communications/WIFI

- Humanitarian crisis: many homes, roads, and vegetation across the island were either severely damaged or completely destroyed

- Curfews instituted, impassable roads and threats of flash floods and mudslides made travel even more dangerous

- Every type of infrastructure impacted
  - Many wanted to help, but travel severely limited
    - Needed cash for flights, rental cars and hotels – no credit cards could be used
    - Complexity of getting supplies and people in to and out of island was very real
Our Response

• **Associate safety and accounting was #1 priority**
  – Immediate and creative methods used to reach all associates to verify safety and needs
  – AM radio, door-to-door, neighborhood contacts and J&J site meeting areas
• Initiated assessment teams
  – Community and site infrastructure
• Organization leadership, communication & coordination
  – Leaders at local sites and corporate C-levels engaged for consistent and immediate information / decisions
• Established over 40+ work streams spanning every business function to support recovery
• Initiated critical supplier contact and support
Our Response

• Shipped over 400 tons of relief and emergency supplies by air and ocean, with the first shipment landing by air within 48 hours of the hurricanes passing.
• Provided household generators to more than 2,500 on the island
• Packed and distributed more than 12,800 hygiene kits for distribution to Puerto Rico and Domenica
• Packed and distributed more than 20,000 meals in support of Rise Against Hungers efforts in the Caribbean
• Utilized our plant capabilities to support area communities for well water, feeding families and source for electrical charging stations
• Offered cash grants, in excess of $2 million, to support recovery and resiliency programs in Puerto Rico: worked with local agencies in support of immediate response needs, including mental health recovery, ZIKA and other disease prevention, child friendly programming, and nursing education
• Shipped via our partners over $3 million worth of J&J products across the island
• Provided services to employees at work that solve unmet needs at home (purified water systems, ice, clothes washing, day care, and bodegas inside our facilities)
• Provided a large generator to competitive company that serves diabetic patients around the world
• Helped expedite restoration of electric power to a critical supplier of nitrogen and oxygen to Puerto Rico hospitals
• Provided our contracted generator technicians to various community medical centers and suppliers to perform maintenance and reparations to their respective generators
• Provided full recovery support to external logistics warehouse supplier by providing equipment, technicians and materials
• Partnered with other medical and service companies to provide logistical and technical support to reach their island-based associates and families
Our Response

J&J Humanitarian Aid

- 27 chartered flights
  - 460 tons / 797 pallets
- 30 ocean containers
  - 284 tons / 465 pallets

Turtle & Hughes
Eurest/Compass
Internal Purchases

Memphis Logistics Center (MLC)

SJU & Ground Partners

- Generators
- Water
- Oil
- Chainsaws
- Lanterns / Batteries
- Medicine
- Water
- Diapers (Adult and Baby)
- Formula / Baby food
- Bug repellent
- Fans

- Guaynabo
- Gurabo
- Las Piedras
- San Lorenzo
- Aguadilla
- Manati
- Anasco
- San Juan
Our Recovery

*Key Learning*: Business Continuity = Employee Continuity

J&J teams also established the following to provide focused support:
- Family – 2 – Family
- Community – 2 – Community
- J&J home share
- Adopt – a – Family
- Matching gifts program
Lessons Learned

- Our existing business continuity and risk management processes served us well
- We must expand and incorporate new lessons learned in best practices across all functions
- Globally recognize, scale and deploy our capability throughout the J&J network
- Expand Global Crisis Management function
The Future: What to Consider

Focus on the Basics

• **Focus on immediate level of need first**: water, food, and medicine

• In some elements of preparation, **you must go beyond 100%**, **stress test assumptions**: example of duration and generators

• **Develop alternative network / telecommunications infrastructure**: microwave transmission, satellite phones and local capabilities

• **Communications / connectivity**: radio stations (manual rechargeable AM radios), rally points, accurate listings, and key family/friends contacts

• Get to know your Federal Emergency Management Agency (FEMA) and the US Department of Health and Human Services (HHS) partners

Moving Forward

• Prepare specialized financial programs and expedited recovery support

• Align seasonal supplies to support associate resource center

• Work with critical suppliers to engage and strengthen their BCP

• Minimize inventory in high risk natural disaster areas by season adjustments

• Embed pre-staging and pre-clearing standard practices in new BCP guidance

• Ensure visibility of inventories and orders to appropriate regional/global stakeholders outside impacted area

• Conduct active lessons learned workshops

• Hurricane BCP workshop with representatives from highest risk areas & regions (Caribbean, US East Coast, and South APAC)

• Establish sub-regional crisis management teams

• Strengthen partnership across all company groups
Healthcare Preparation During Hurricanes
Who We Are

St. Vincent’s HealthCare
- 3 hospitals
- More than 50 sites
- 5,000+ associates

Ascension Florida
- Sacred Heart Health System based in Pensacola
- St. Vincent’s HealthCare based in Jacksonville

Ascension
- Largest non-profit health system in the U.S.
- Largest Catholic health system in the world
Hospital Incident Command System (HICS)

Agency interactions

Supply and equipment management

Managing patients and associates
Hospital Incident Command System

A structured, collaborative approach

Set roles and responsibilities for activated branches

Continuous online and in-person training

Incident Command Center (ICC) located at hospital
Agency Interactions

County Emergency Operations Center (EOC)
- St. Vincent’s has providers in six counties in Northeast FL and Southeast GA
- Daily/hourly calls with EOC and local officials (mayor, county manager, etc.)

State Emergency Operations Center (EOC)
- Daily calls with the governor and healthcare providers pre/post storm

Florida Department of Transportation (FDOT)
- Road and bridge closures pre/post storm
- Condition of I-95, I-10, US 1 (A1A)

Federal Emergency Management Agency (FEMA)
- Pre and post storm visits from representatives
HURRICANE IRMA

7:00 PM EDT

LAT: 26.6°N  LON: 81.7°W
15 MI ENE OF FT. MYERS FLORIDA

WINDS: 110 MPH
PRESSURE: 940 mb
MOVING: N at 14 MPH
Supply and Equipment Management

### Implement Plans
- Based on NWS tracking
- Track supplies and equipment
- Adjust plans accordingly

### Track Route
- Regardless of it will be a direct hit
- Effect on local, state and regional ports
- Impact on Puerto Rico – IV medication

### Potential Impacts
- Supply distribution
- Accepting patients from evacuating counties
- Sending staff to assist
- Availability of blood products
Managing Patients

- Review outpatient schedules
- Monitor maternity patients
- Keep offices open as long as possible
- Stop hospital patient visitation
- Communicate through social media and news media
Managing Associates

- Associates divided into A, B, C teams

A/B: Onsite  C: Relief
Managing Associates

Balance evacuation orders with community needs

Associates who also serve in the National Guard or are on the police force
After The Storm

Assess immediate additional needs
After The Storm

Support for associates impacted by storm
Contact Information

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AmerisourceBergen Overview

June 15, 2018
Agenda

- Overview of AmerisourceBergen Corporation (ABC)
- ABC Global Business Resilience and Crisis Management
- 2017 Hurricane Season – ABC Response Highlights
- Common Challenges Encountered
- Recommendations for Improvement
Our company: By the numbers

- **$153B**
  - 2017 Revenue
  - Growth aligned with our customers’ long-term success

- **21,000+**
  - Company Associates
  - Diverse expertise all focused on improving global health

- **150+**
  - Global Offices
  - Delivering a range of services to address specific, local needs

- **50+**
  - Countries with a Local Presence
  - Growing knowledge of market-specific healthcare environments
Our purpose

We are united in our responsibility to create healthier futures.
Putting purpose into practice

Operating the **backbone** of the healthcare supply chain

Enabling **medication access** for hundreds of thousands of patients

Preserving **choice and quality** in healthcare

Building community access to **care and education**

Creating more **sustainable** food production
Operating the backbone of the healthcare supply chain

- 3M+ medication units shipped per day
- Tens of thousands of healthcare provider customers served
- 50,000+ managed products
- Hundreds of millions of dollars in transactions managed daily
- Collaborative partnerships with every major pharmaceutical manufacturer
Maximizing our impact at the center of healthcare delivery

Pharma Manufacturers

Product sourcing, distribution and commercialization services across all product types, including:

• Brand
• Generic
• Specialty
• Biosimilar
• Over the counter (OTC)
• Medical devices

Healthcare Providers

Providing pharmaceuticals, healthcare products and business services that enable quality care across all sites, including:

• Community and independent pharmacies
• Specialty pharmacies
• Pharmacy benefit managers (PBMs)
• Health systems
• Alternate sites of care
• Physician practices
• Veterinary clinics
• Livestock producers and animal health dealers
Global Business Resilience

Proactively safeguarding the interests of patients, associates, customers, key stakeholders, company reputation, brands, assets and value-creating activities by minimizing potential losses and ensuring continuity of critical business functions in the event of an unplanned service interruption or disaster.
Our Crisis Management Cycle
Hurricane Harvey

Situation

- Directly affected two AmerisourceBergen business unit locations in Sugar Land, TX (Southwest of Houston)
  - Almost 500 of our associates and their families impacted
  - Nearly 1,000 of our customer locations impacted throughout the region
Hurricane Harvey

Our Response

- Implemented contingency plans to transfer operations to alternate locations

- Although Drug Distribution Center in Sugar Land remained open, most deliveries were serviced from Roanoke (DFW Metroplex)

- Associate Care
  - Provision of relief supplies from other business units in Memphis, TN and Frisco, TX
  - Response was so great that we made excess available to customers

- Transportation Alternatives
  - Helicopters
  - Amphibious Vehicles
  - Cajun Navy
  - Associates going the extra mile

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Cancer Clinic

6 hrs · 📊

A big thank you to Lori and Brandon of Ion Solutions and Oncology Supply. Our account representatives personally drove 800 miles from Dothan, Alabama to deliver our chemotherapy supplies last night. As many of you know, overnight delivery to our area has not been reliable, so they went above and beyond to make sure we have the supplies necessary to care for our patients.

After dropping off supplies in College Station, Brandon was headed to the Houston area with more supplies. It is hard to express how important their efforts are to so many cancer patients in the Brazos Valley and Southeast Texas.

Thank you and have a safe drive home!
Hurricane Irma

Situation

- Directly affected ten of our business units across PR, FL, GA, AL, and NC
  - Over 2,100 of our associates and their families impacted
  - Nearly 3,000 of our customer locations impacted throughout the region
Hurricane Irma

Our Response

- **Power**
  - Our primary facilities continued to operate on generator (although fuel at one location “disappeared” during the storm)

- **Associate Care**
  - Provision of food and water to associates in South FL after the storm
  - Xcenda associates opened their homes to co-workers in Tampa

- **Transportation**
  - Access to delivery areas was largely not a long-term issue after the storm, except in the Keys
  - Minor fuel supply issues
Hurricane Maria

Situation

- Significantly impacted the island of Puerto Rico
  - 50 of our associates and their families directly impacted by the storm
  - Our Pharmaceutical Distribution Center in Guaynabo lost commercial power (which had only just been restored after Irma), and both our primary and secondary generators were knocked out during the storm – restored next day

- Most of our ~300 customer locations throughout Puerto Rico and the US Virgin Islands were devastated by this storm
Hurricane Maria

Our Response

- Worked closely with:
  - Healthcare Ready and FEMA to get fuel to keep our generator running and medicine supply flowing
  - DHS, CDC, and HHS to assist with providing essential medicines to those in need

- Transportation Alternatives
  - Our initial critical pharmaceutical product replenishment shipment to PR traveled via government transport
  - Our next shipment of 24 pallets was via a 767 we chartered
  - On the island, we utilized smaller courier vehicles to bypass backlogs at the airport

- Associate Care
  - Provided portable generators for home
  - Provided food, water, shelter, essential relief supplies

06/15/2018
Hurricane Maria

Our Response

- Supporting Community Recovery

After a Prescribe Wellness charter flight delivered generators and other supplies to PR, our team helped pick up the generators from the airport and delivered them to some of our Good Neighbor Pharmacy customers, helping to restore access to medicines in smaller communities.
Key Partnerships for Emergency Response

Private Organizations / Coalitions
- Healthcare Leadership Council (HLC)
- Healthcare Ready
- Healthcare Distribution Alliance (HDA)

Federal Agencies
- DHS
- FEMA
- HHS
- CDC
- DoD

State, Local, Tribal, Territorial

Private Sector
- Customers
- Industry Partners
- “Competitors”
Common Challenges During Responses to Emergencies

**Infrastructure**
- Power, Telecommunications
- Fuel Availability

**Access**
- Curfews, Roadblocks
- Credentialing

**Coordination**
- Communications
- Lack of awareness of Private Sector partners and their role in ESF-8 (Public Health and Medical Services)
Recommendations for Improving Future Responses

PAHPA Reauthorization
- Approval of the Pandemic and All-Hazards Preparedness and Advancing Innovation Act of 2018” (PAHPAI) with adequate funding to implement
- In particular, Section 302 enhancements regarding logistical support and inclusion of private sector partners

Preparedness and Execution – Enhanced Capabilities
- Federal Agencies (FEMA, HHS, …)
  > Adequate resources, appropriate expectations
- State / Local / Tribal / Territorial Responsibilities (first lines of defense)
  > Determine how best to incentivize
  > Sustainable development
- Private Industry Partnerships (awareness of key players, building relationships, collaboration)
Where knowledge, reach and partnership shape healthcare delivery.