



MTAA SUPPLY CHAIN SURVEY

2024 | Medical Technology Association of Australia



Medical Technology
ASSOCIATION OF AUSTRALIA

ABOUT MTAA

MTAA represents manufacturers and suppliers of medical technology used in the diagnosis, prevention, treatment and management of disease and disability.

85 **Industry Members**

Provider of medical devices, in vitro diagnostics or digital health solution in Australia.

31 **Associate Members**

Businesses who support Industry Members, Industry affiliates and Start-ups with expertise and services.

ABOUT SURVEY

Collected responses from 31 member companies between November 2023 to January 2024. This equates to a 30% response rate approximately. This is the second iteration of the survey, with the last one conducted in 2022 (during COVID). This is also the first post-COVID survey.

The results are broken down into a series of sections:

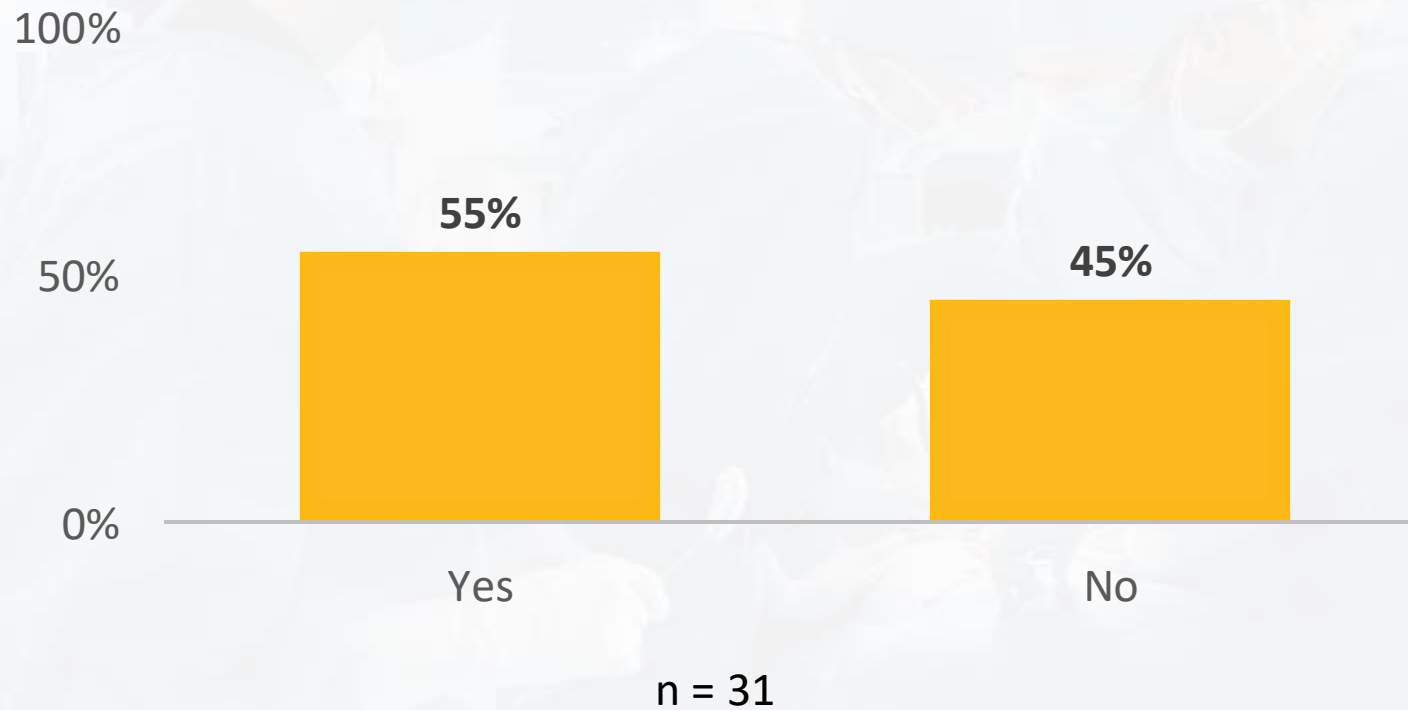
1. Freight
2. Raw Material
3. Inventory Management
4. Assessing Supply Chain Variables
5. Workforce
6. Assessing Global Impacts
7. ESG
8. Digital

Section 1

Freight

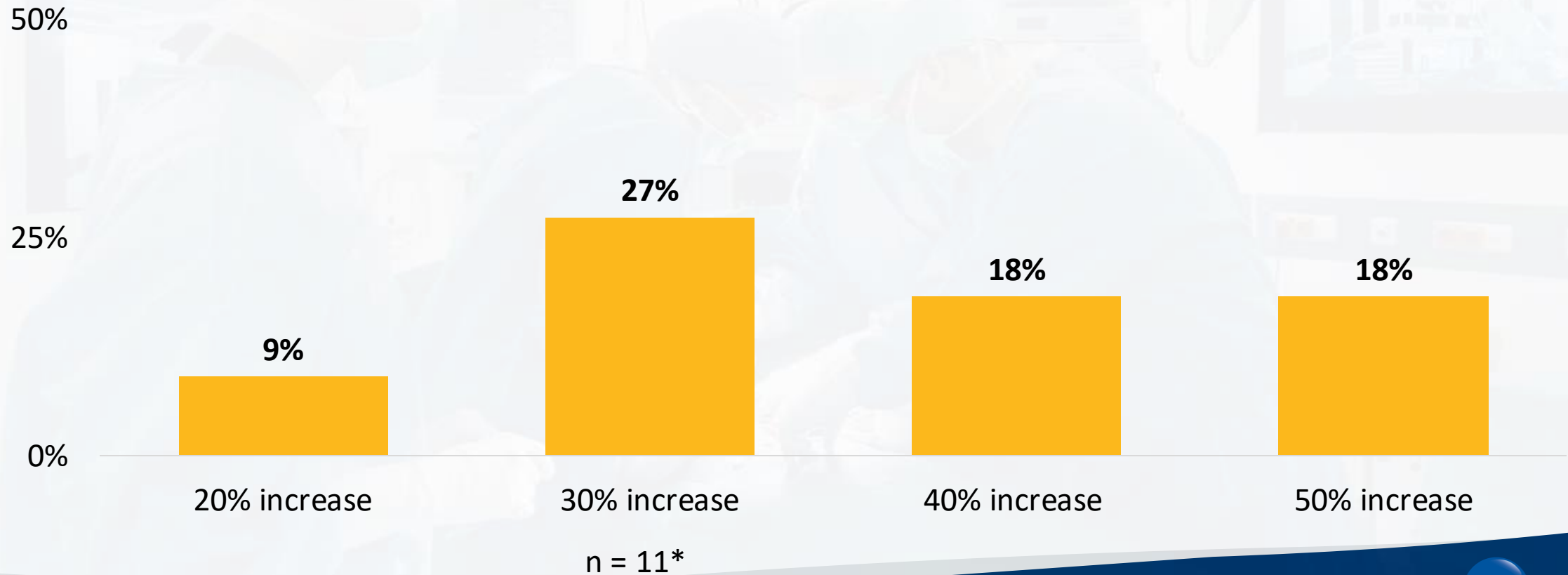
In the last 6 months, have sea freight logistic costs been impacting your supply chain?

COSTS IMPACTING SUPPLY CHAIN



Please outline how much the cost of sea freight has increased for you?

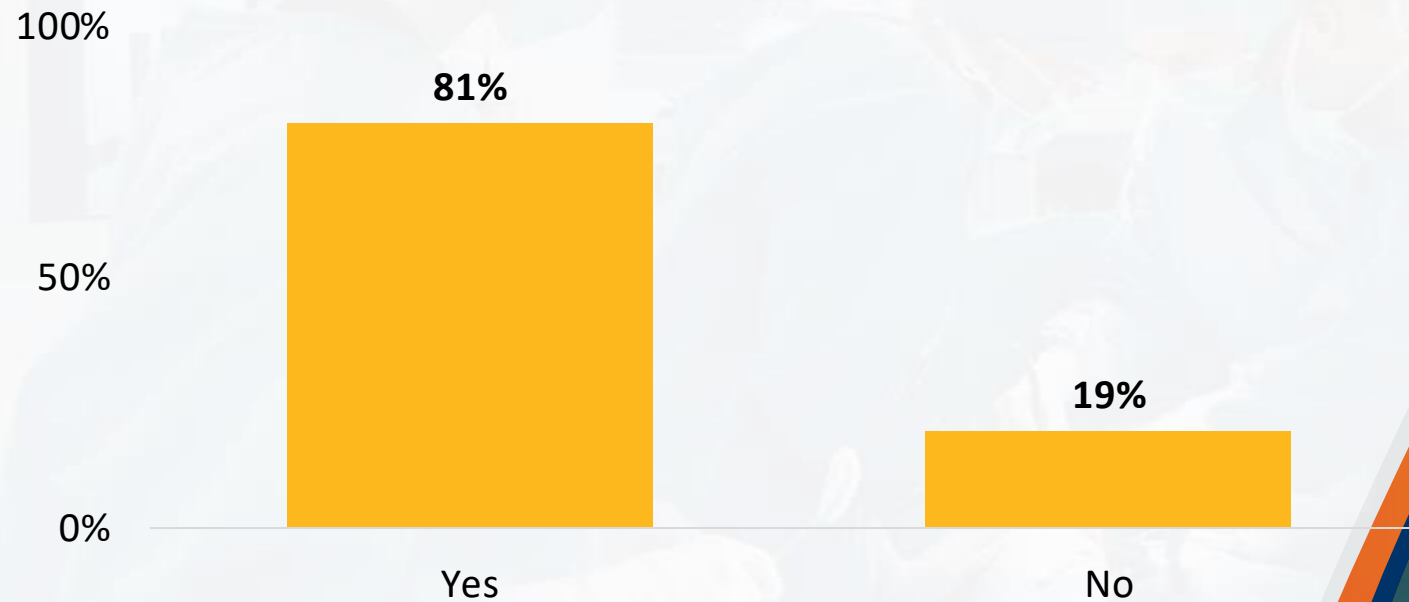
COSTS IMPACTING SUPPLY CHAIN



*Majority of MTAA member respondents solely use airfreight to transport medical technology

In the last 6 months, have air freight logistic costs been impacting your supply chain?

COSTS IMPACTING SUPPLY CHAIN

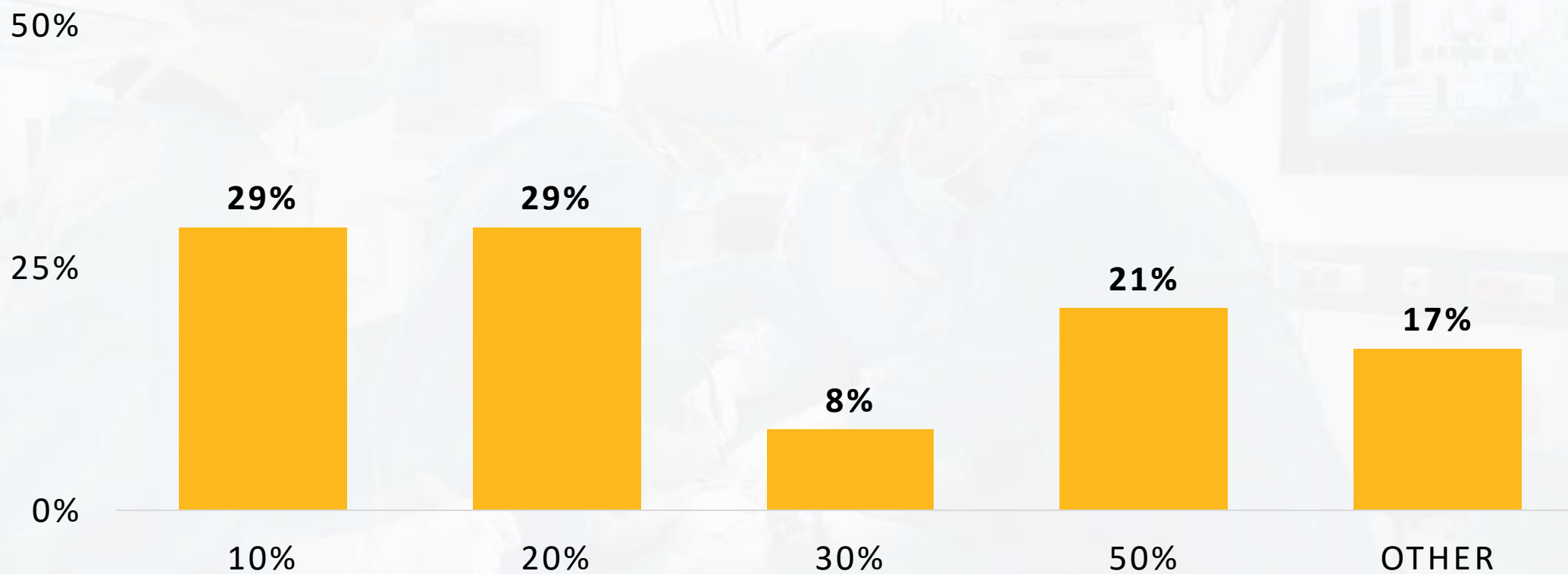


n = 31



Please outline how much the cost of air freight has increased for you?

COSTS IMPACTING SUPPLY CHAIN



n = 25

LIMITED FREIGHT

Capacity: how companies are managing this



KEY CHALLENGES

1. Longer product lead times
2. Higher inventory costs, as suppliers have to hold more inventory due to uncertainty when new inventory arrives

MEMBER COMMENTS

'Delays 5-7 days receiving product'

'Higher costs carrying costs of inventory'

'Longer lead times which resulted in increased inventory level'

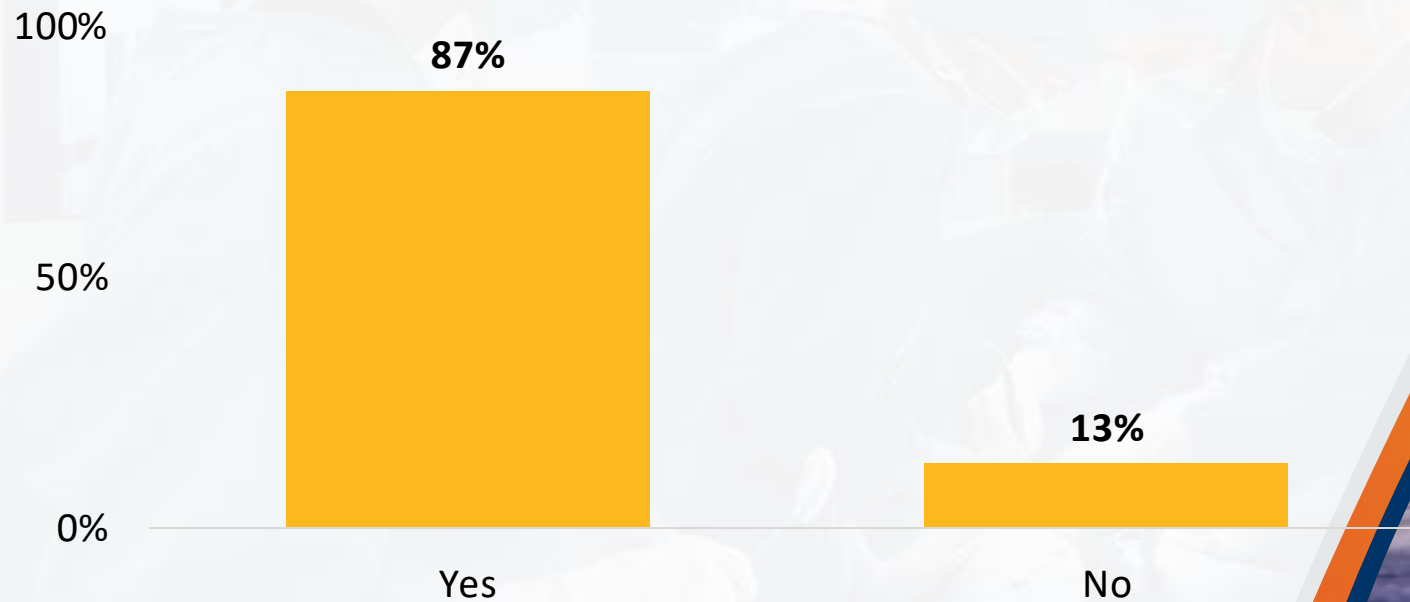


Section 2

Raw Materials

In the last 6 months, have raw material costs been impacting your supply chain?

RAW MATERIAL COSTS

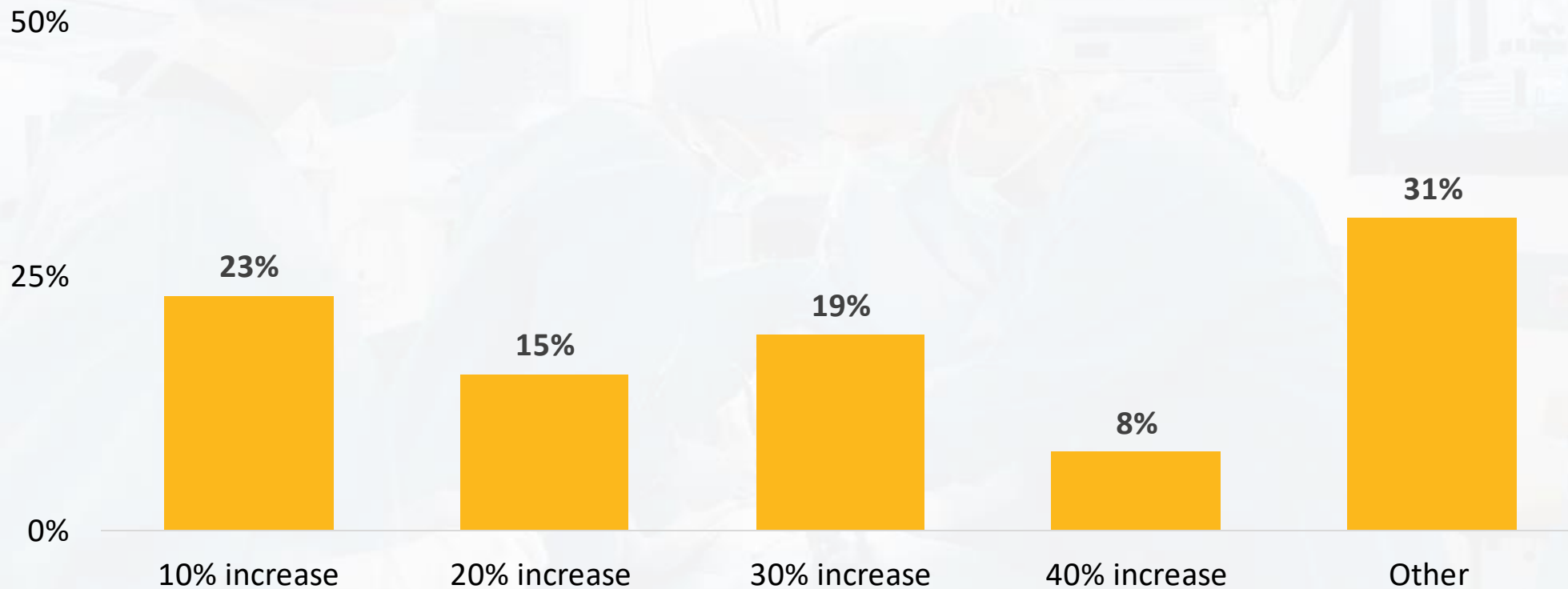


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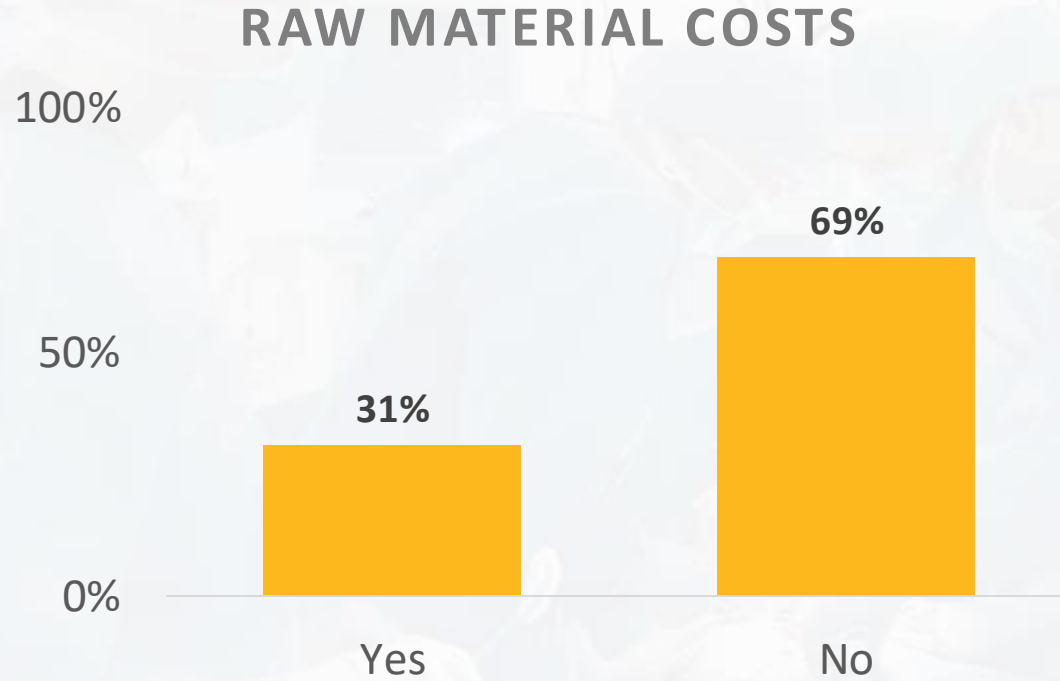
Please outline how much the cost for raw materials has increased for you?

RAW MATERIAL COSTS



n = 25

Will these rising raw material costs impact on your ability to provide continued supply of goods in the next 6 months?



n = 26

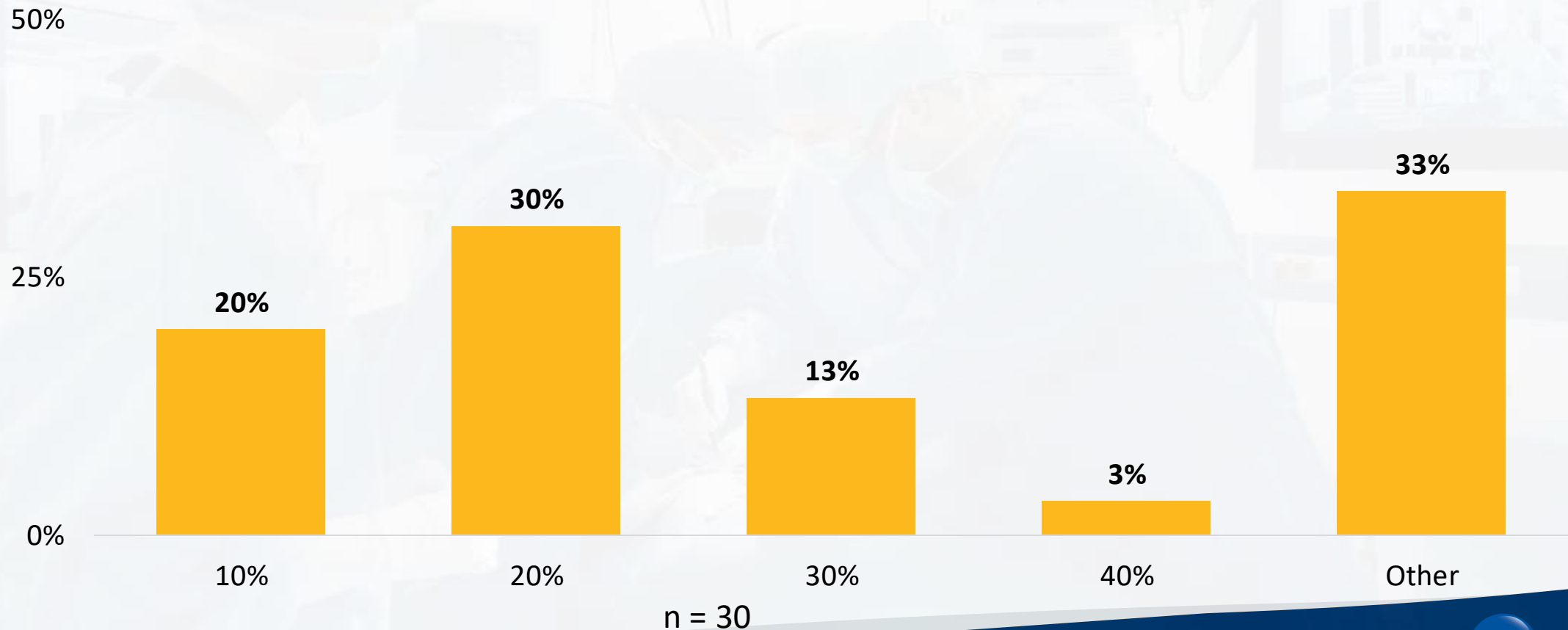


Section 3

Inventory Management

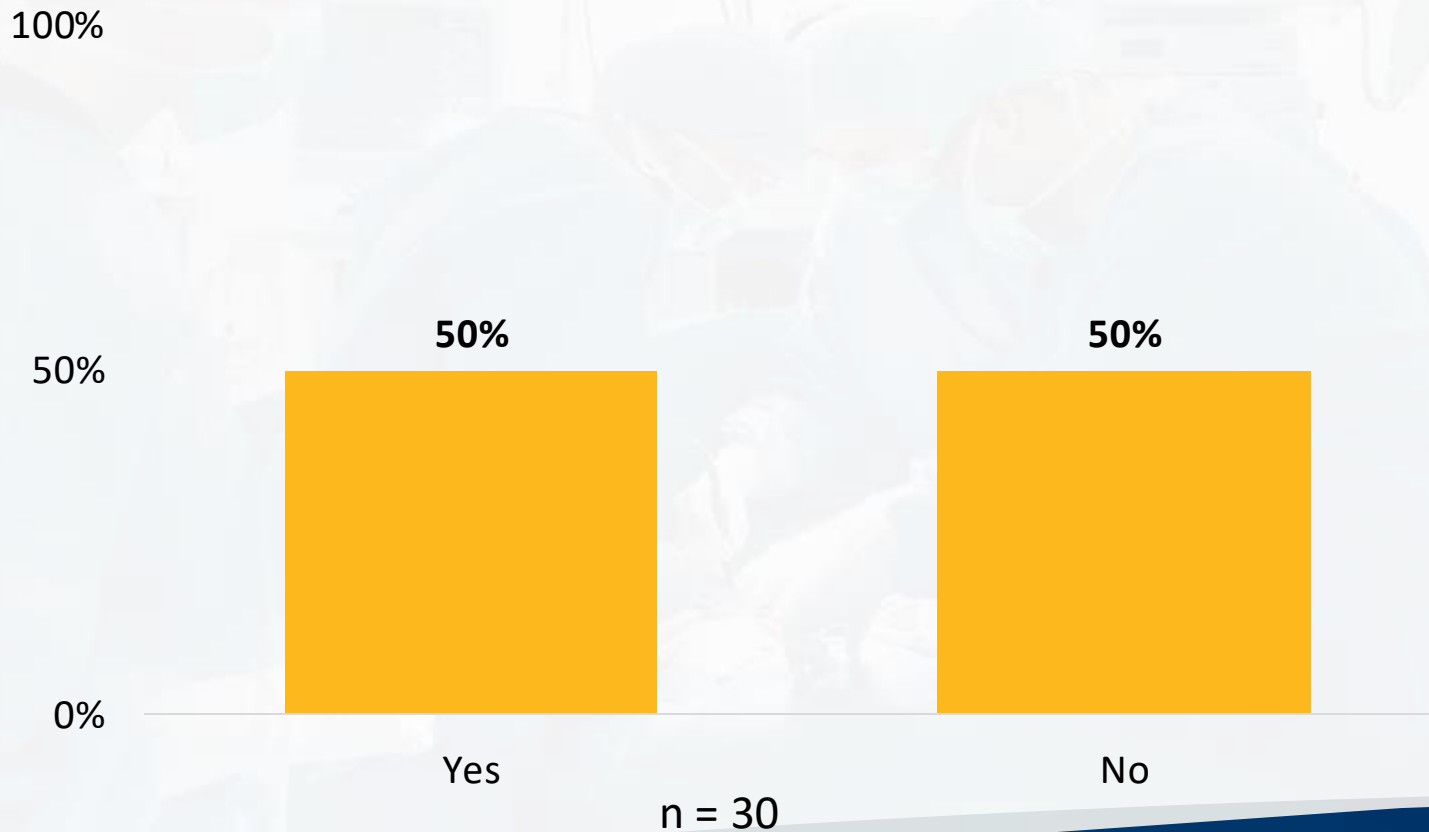
In the last 6 months, what % costs has been incurred when increasing inventory holdings?

INVENTORY HOLDING COSTS



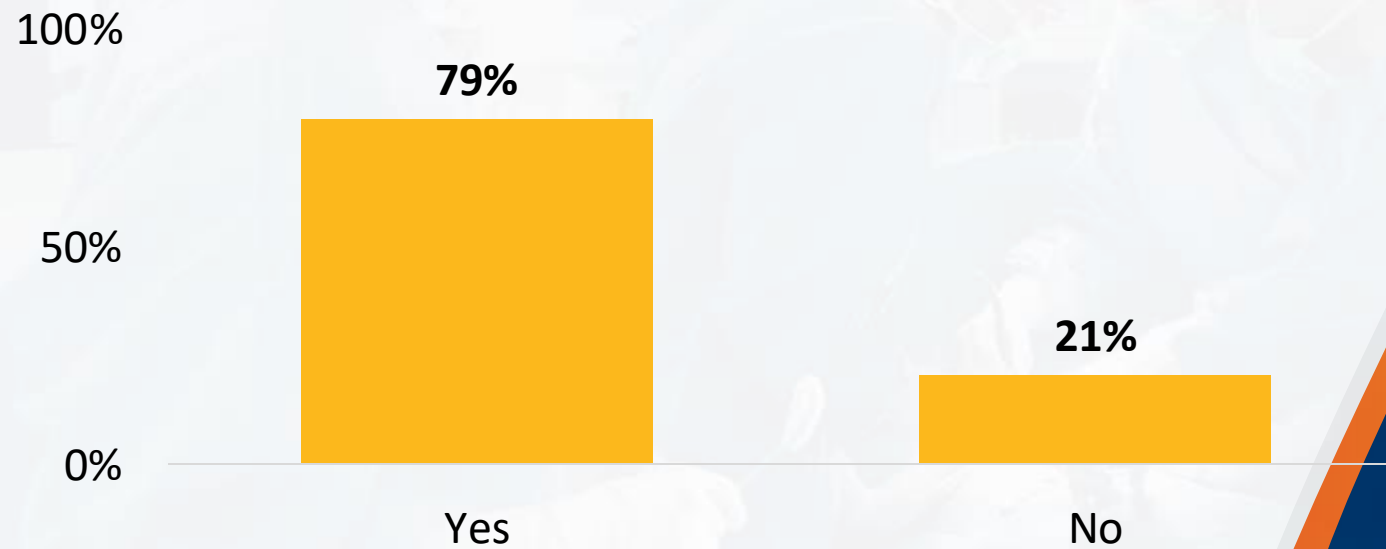
Have you managed to change inventory holdings for your customers?

INVENTORY HOLDING MANAGING CHANGES



Are you currently experiencing shortages supplying specific products?

SHORTAGES SUPPLYING PRODUCTS

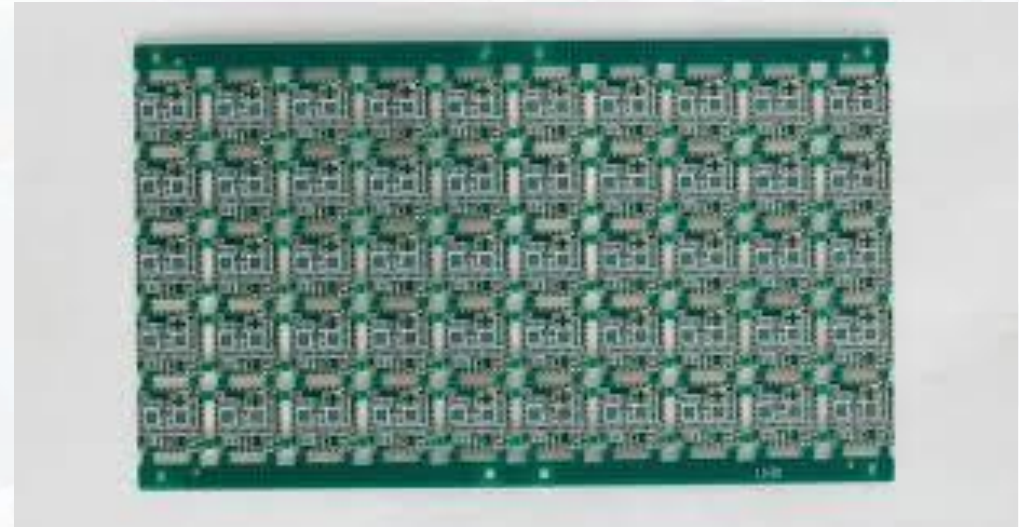


n = 29



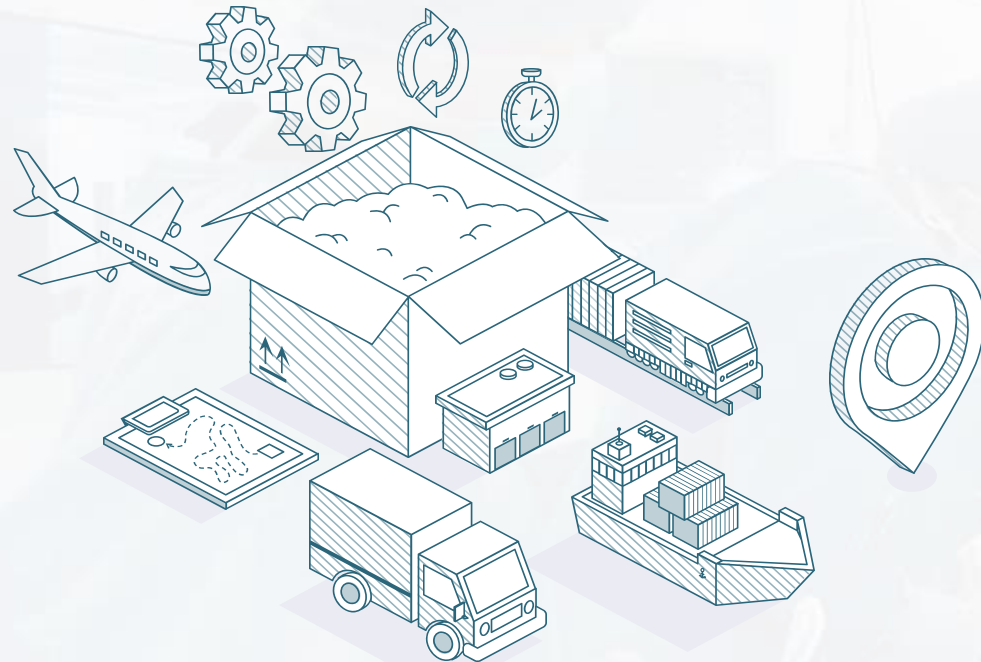
SPECIFIC PRODUCT SHORTAGES

- Shortage of Printed Circuit Boards is an ongoing concern for certain member companies
- PCB's are used in multiple sectors including MedTech, meaning high competition for this material has can slow down medical technology manufacturing



BIGGEST CHALLENGE WITH SUPPLY CHAIN

Key Trends

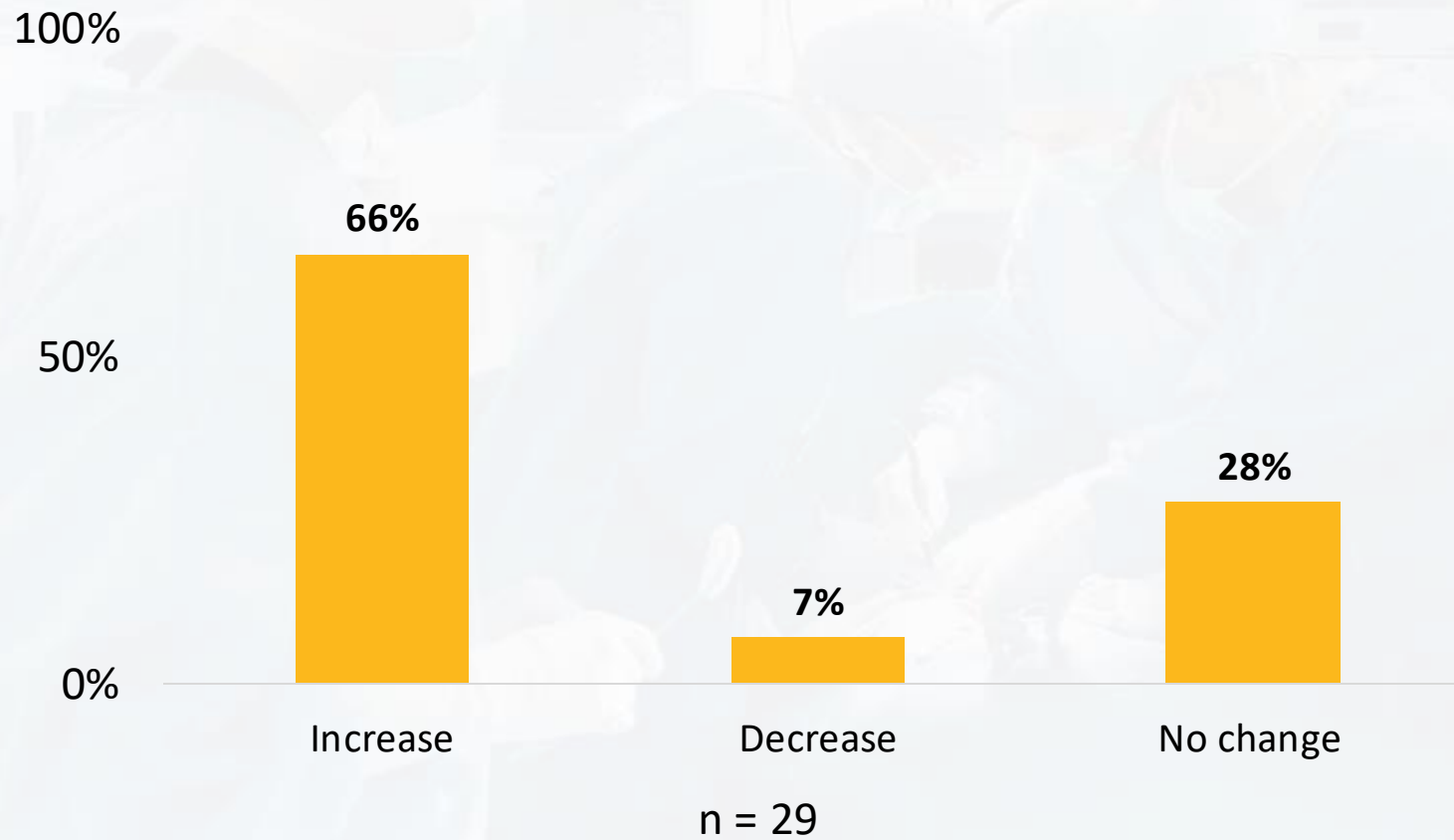


Increased Freight Costs
Raw Material Availability
Longer Lead Times
Customer Purchasing
Behaviour

Based on most recurring trends in free text responses to this question, n=28

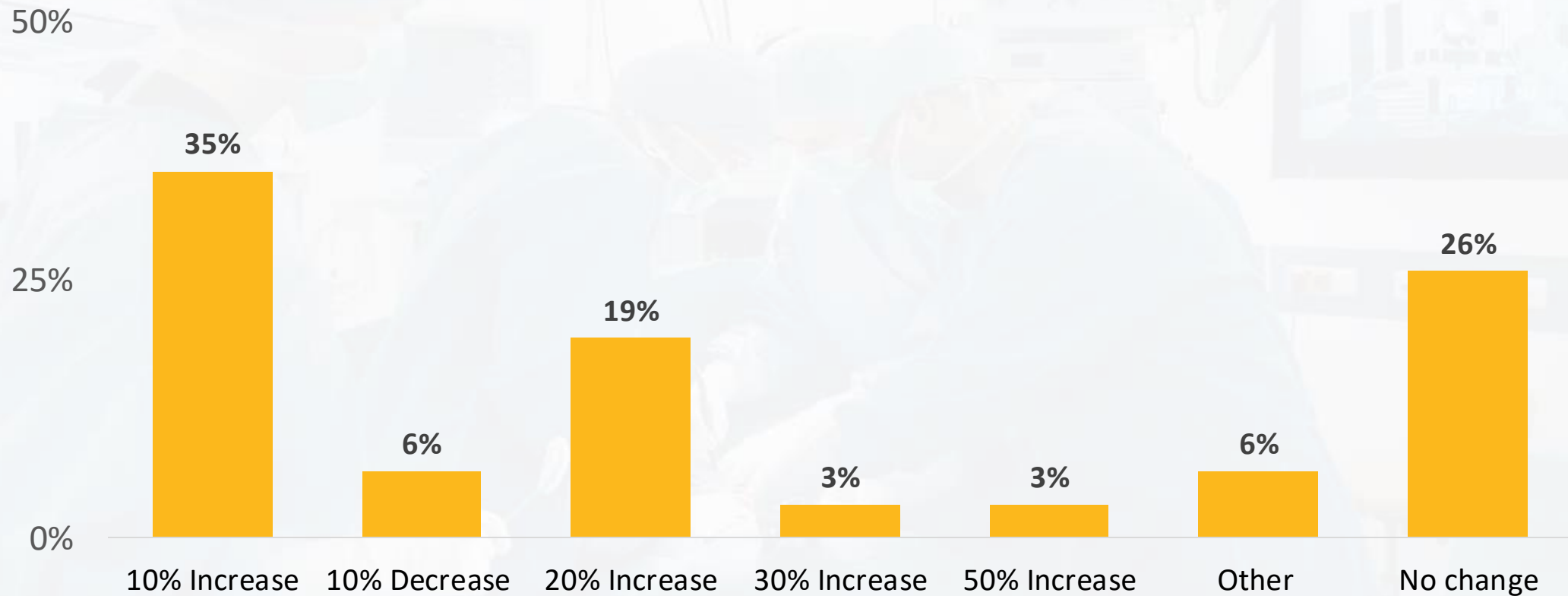
Have you seen an increase, decrease or no change in inventory holdings?

INVENTORY HOLDING LEVELS



What has the impact been as a % (Increase of Decrease)?

INVENTORY HOLDING LEVELS



n = 31

INVENTORY HOLDINGS

How companies are managing increases



KEY CHALLENGES

- Removing old items and moving customer to same items
- Holding more inventory and improving forecast accuracy
- Optimising consignment of inventory (if the less being used, less stock consigned)

MEMBER COMMENTS

'Culled old items and moved customers to same items'

'By holding more inventory and forecasting inventory management'

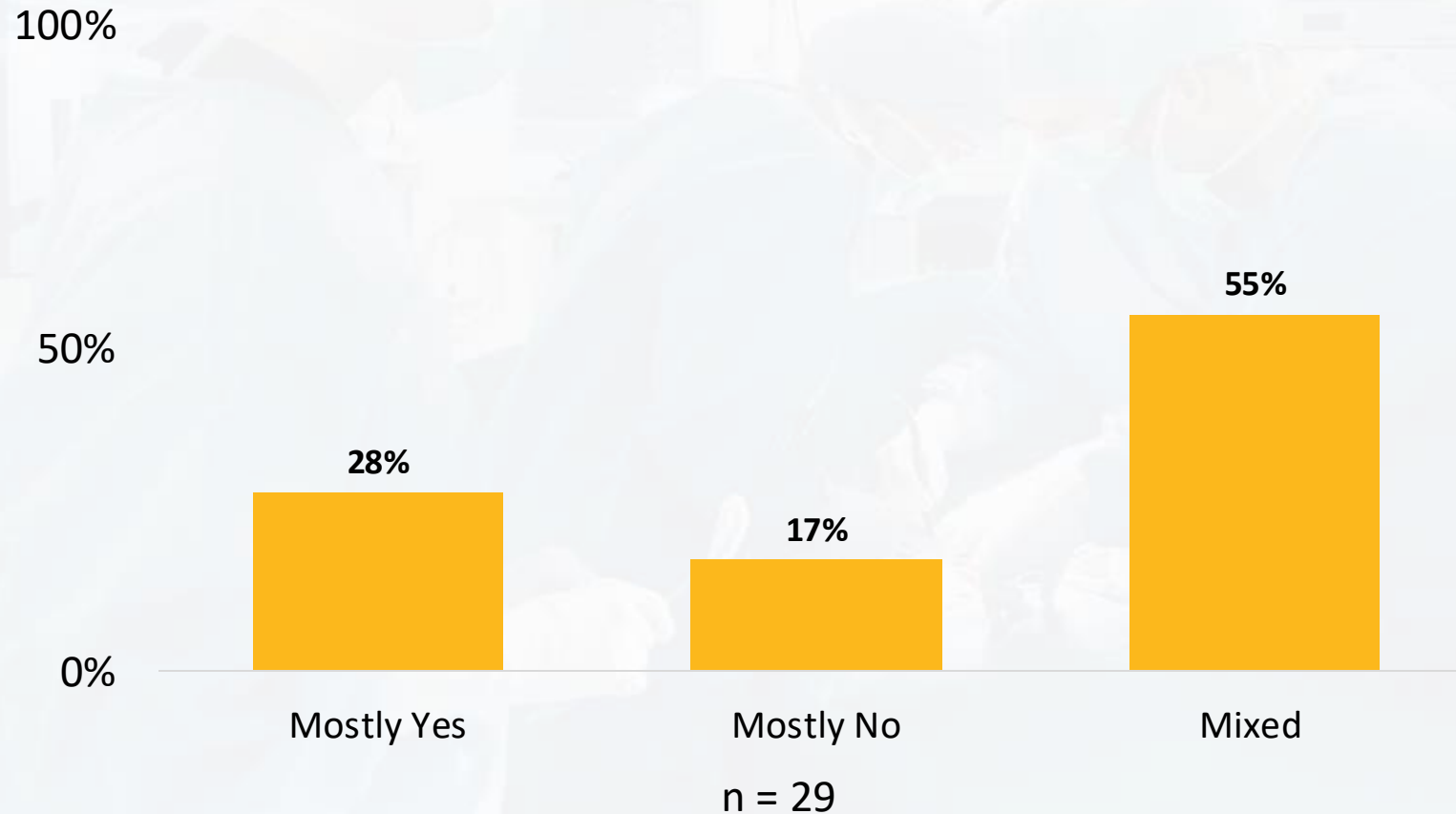
'Critically revising holdings of all products and updating min/max where possible'

Section 4

Assessing Supply Chain Variables

Have your customers product lead times shortened, remained the same or lengthened in the last six months?

LEAD TIME IMPACTS



KEY IMPROVEMENTS TO MEET VOICE OF CUSTOMER



MINIMISE COSTS PASSED ON TO CUSTOMERS

RELIABILITY IN SUPPLYING PRODUCT

SERVICE QUALITY

By 'Customer' this refers to the group medical technology companies sells their goods and services to
Based on most recurring trends in free text responses to this question (n=28)

WHAT DO CUSTOMER VALUE?

PRODUCT INNOVATION
– VALUE BEYOND THE
DEVICE

RELIABILITY IN
SUPPLYING PRODUCT

COMPETITIVE PRICING



By 'Customer' this refers to the group medical technology companies sell their goods and services to
Based on most recurring trends in free text responses to this question (n=30)

KEY DRIVERS FOR SUPPLY

CHAIN IN NEXT 6 MONTHS

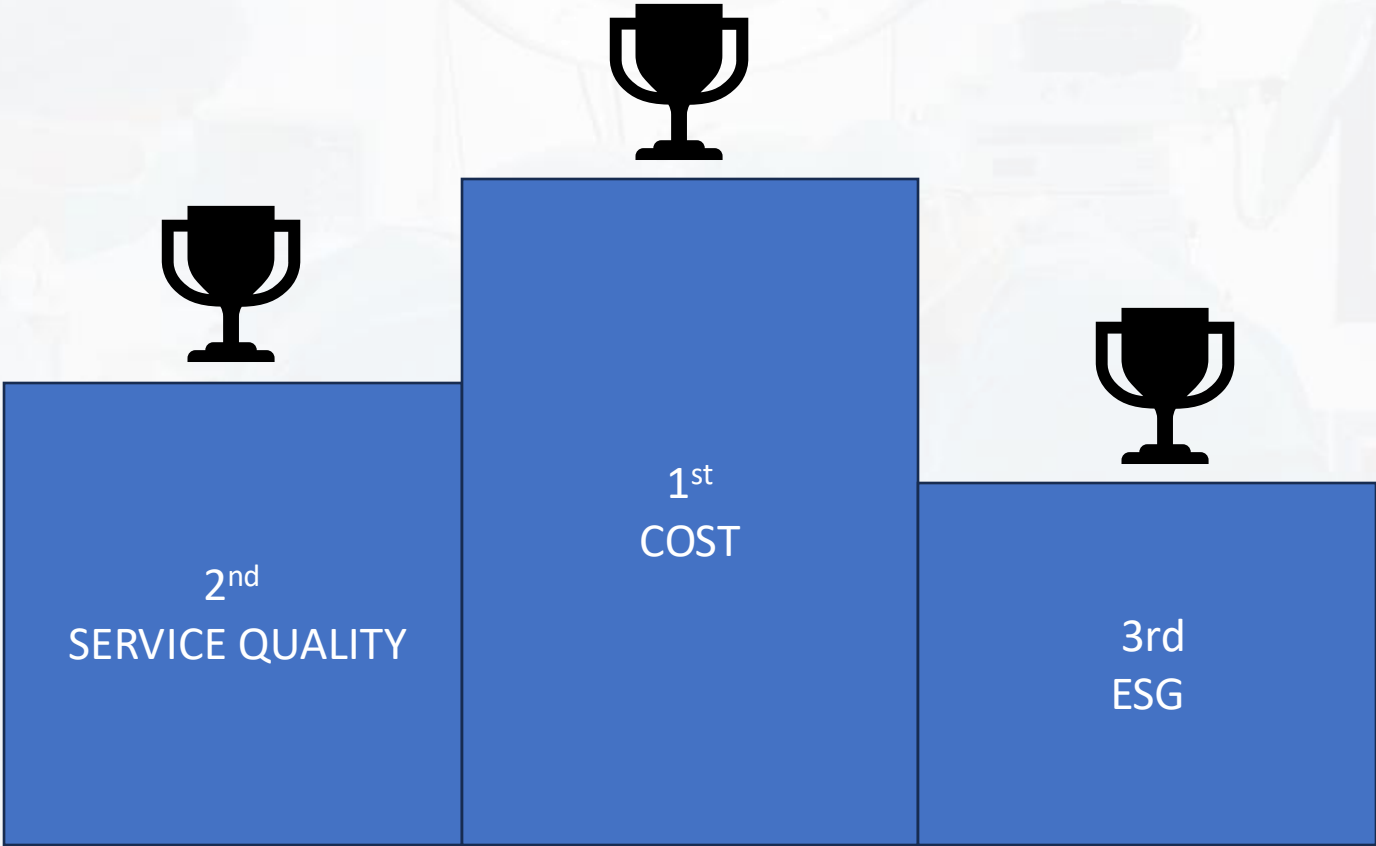


FUEL SURCHARGES

LEAD TIMES MANUFACTURING
AND DELIVERY

LABOR SHORTAGES

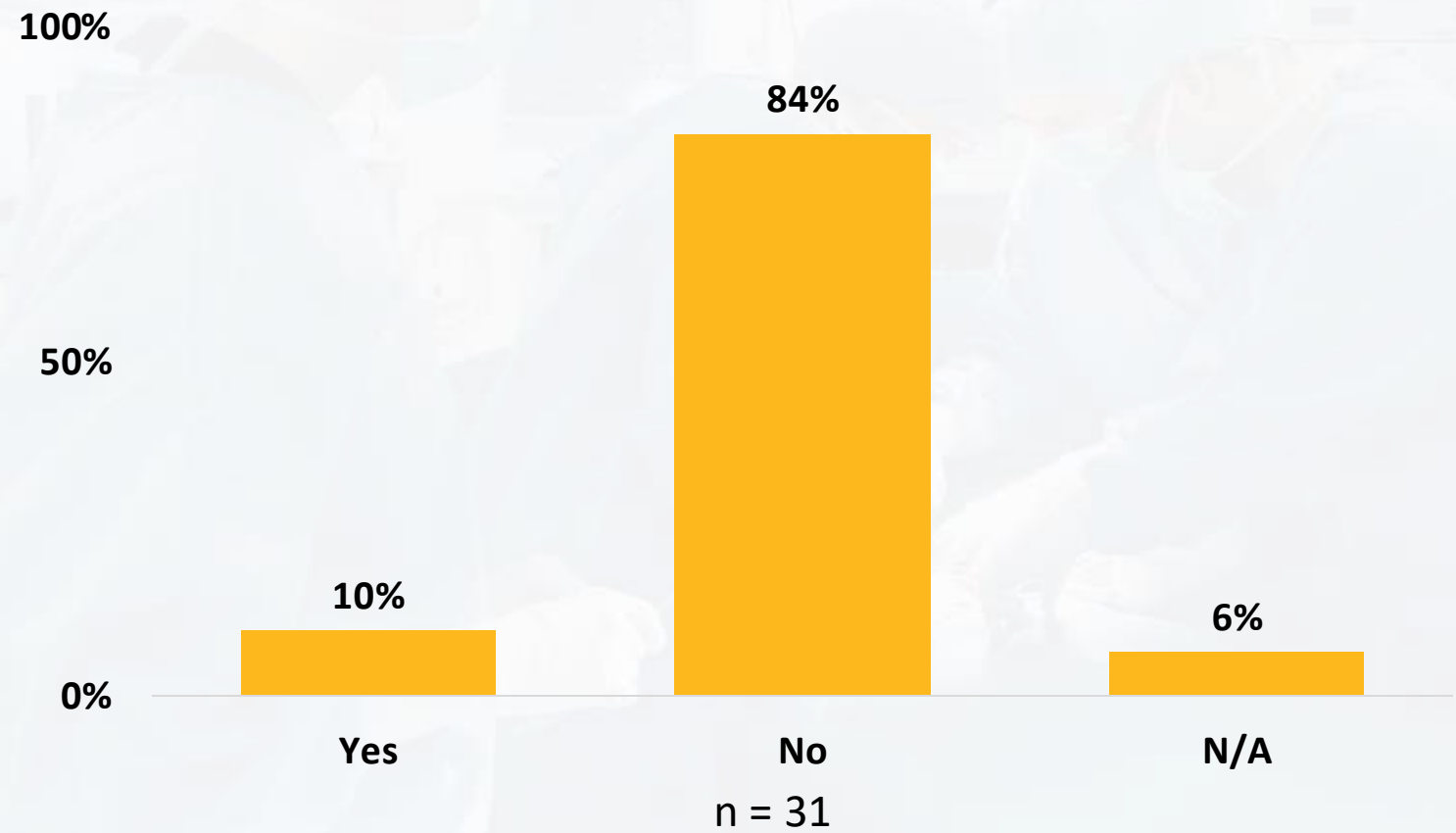
KEY DRIVERS FOR SUPPLY CHAIN



Based on most recurring trends in free text responses to this question, (n=27)

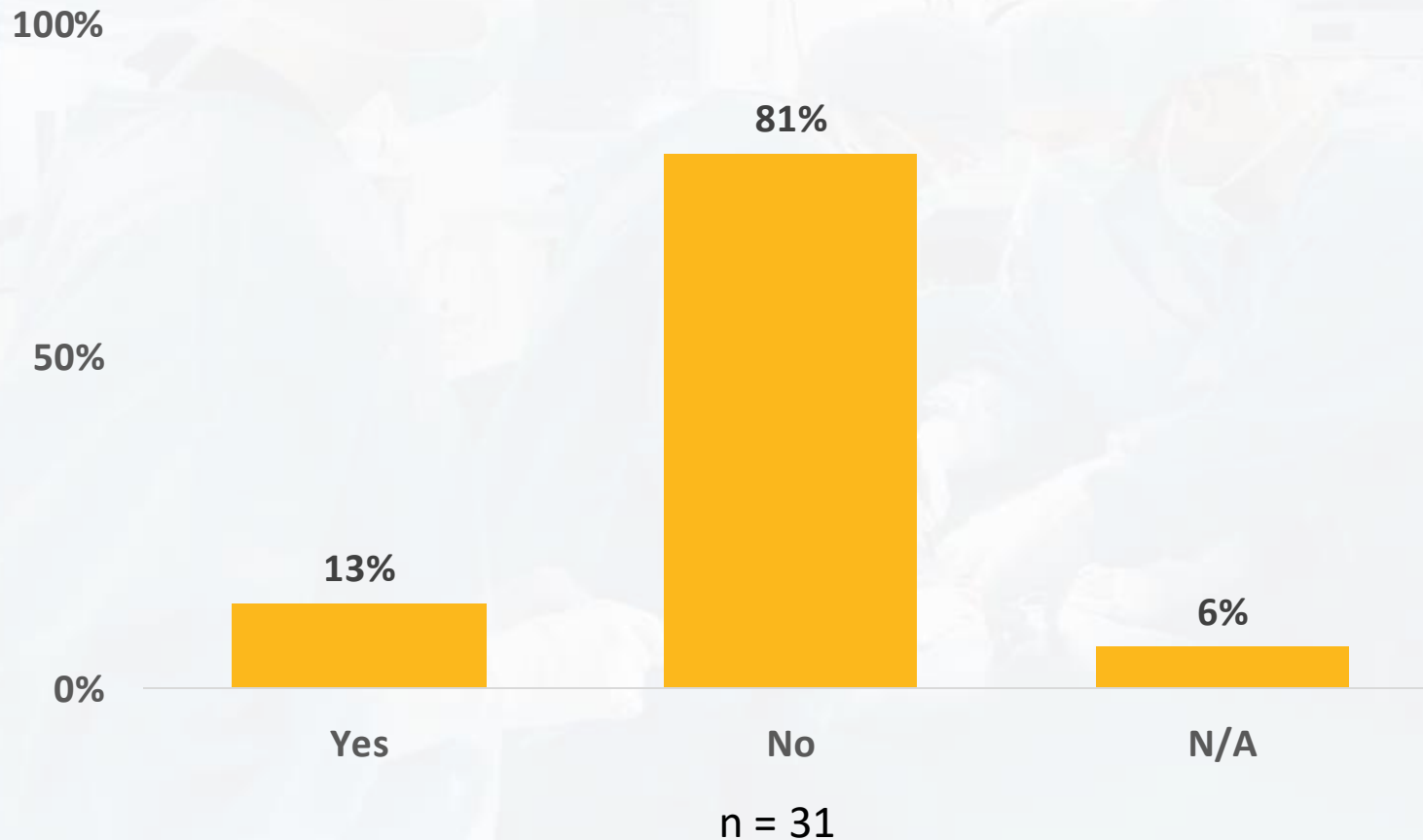
Do you see opportunities to source components of your supply chain from Australia?

SOURCING COMPONENT OPPORTUNITIES



Have you reviewed consolidations with other Medtech companies in regard to managing logistics costs? Eg: joint deliveries, inventory management programs

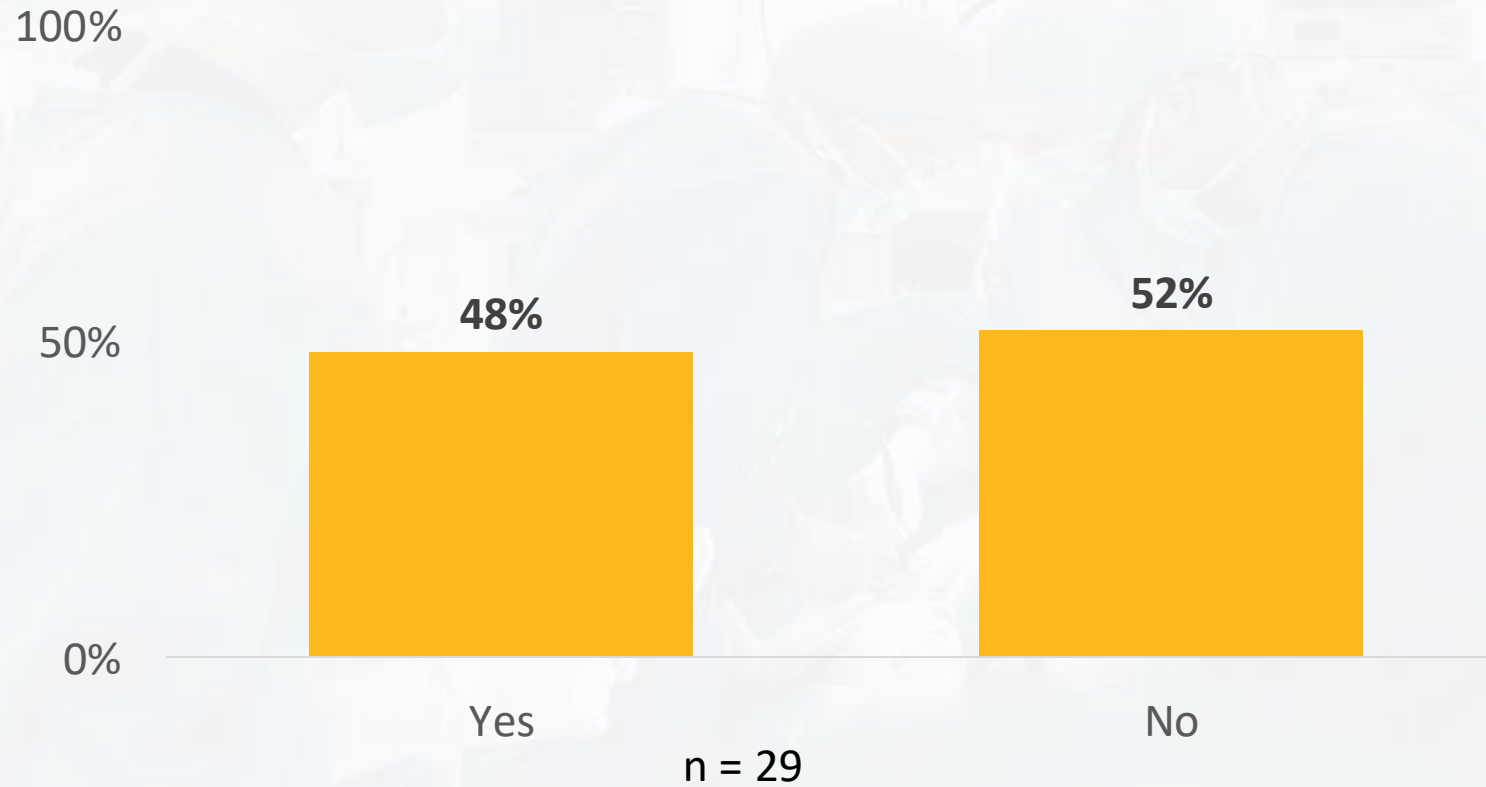
CONSOLIDATING ORDER OPPORTUNITIES



Section 5 Workforce

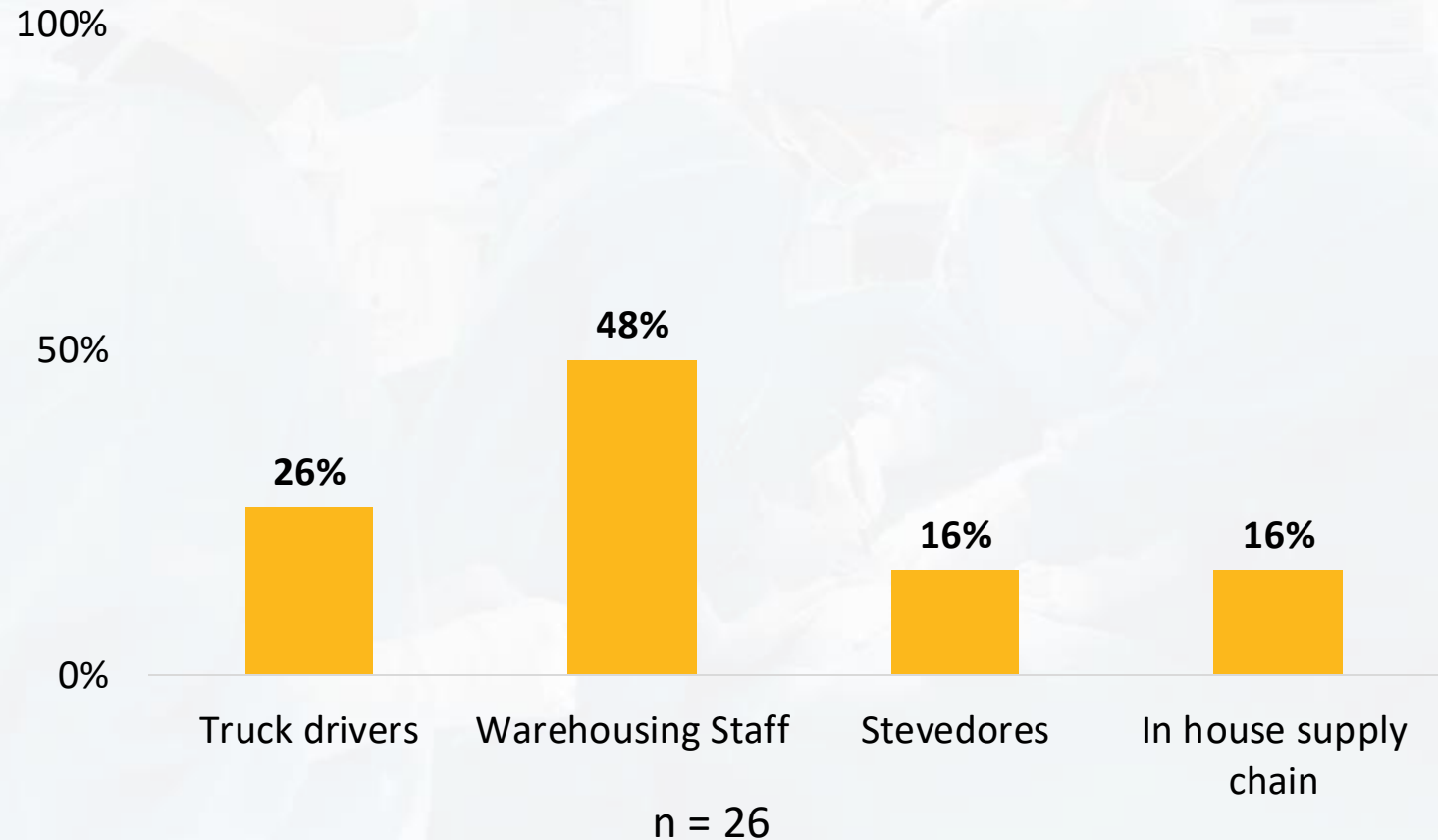
Have any workforce shortages had an impact on your supply chains resulting in slower operations?

WORKFORCE SHORTAGES



Where in the MedTech sector supply chain are work shortages negatively impacting you?

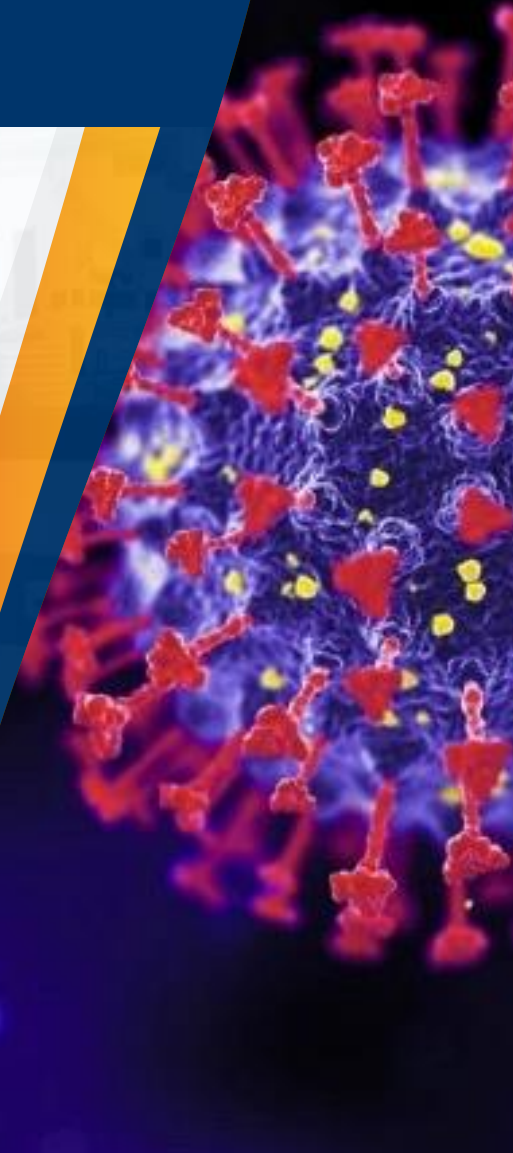
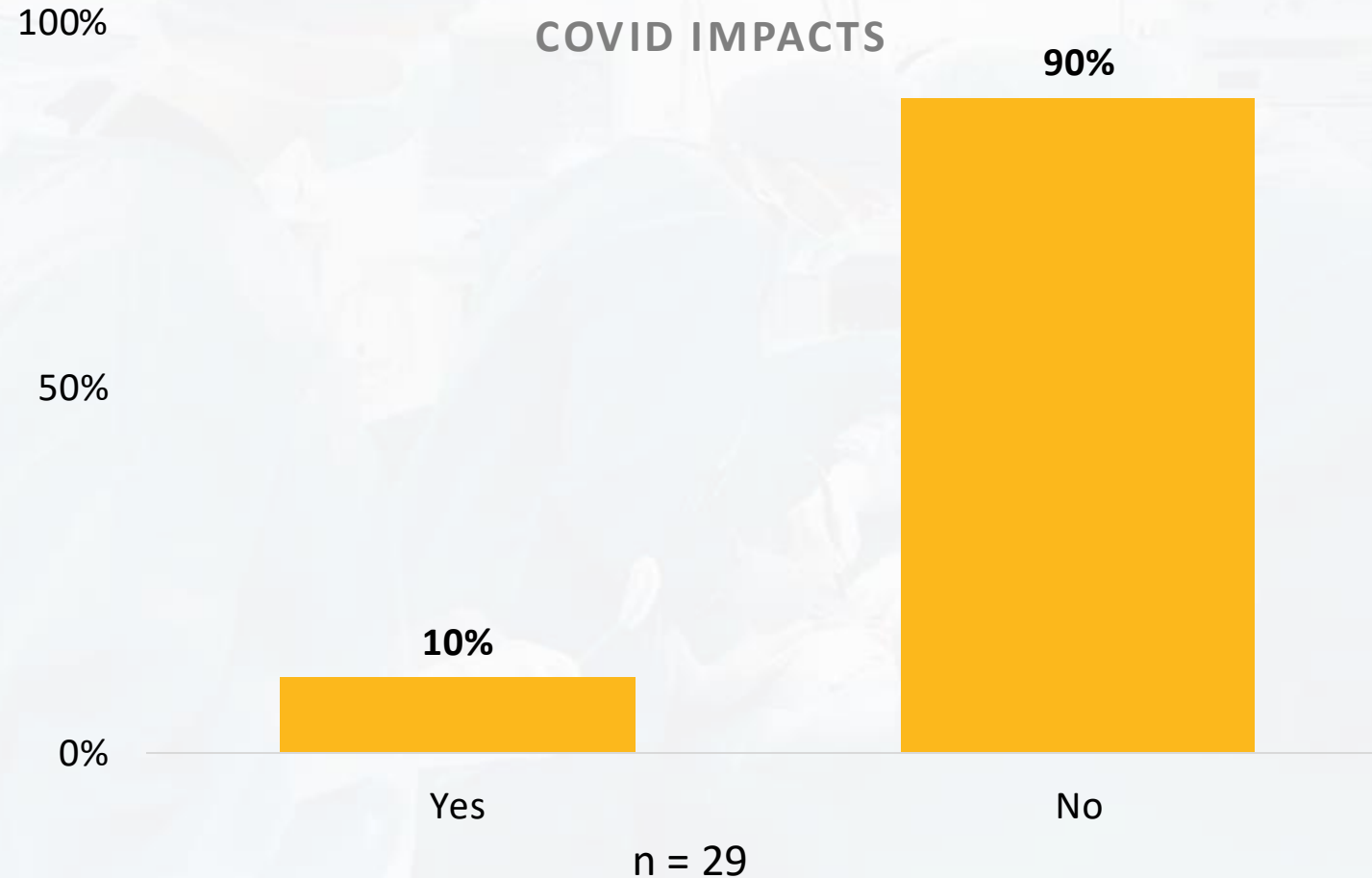
WORKFORCE SHORTAGES



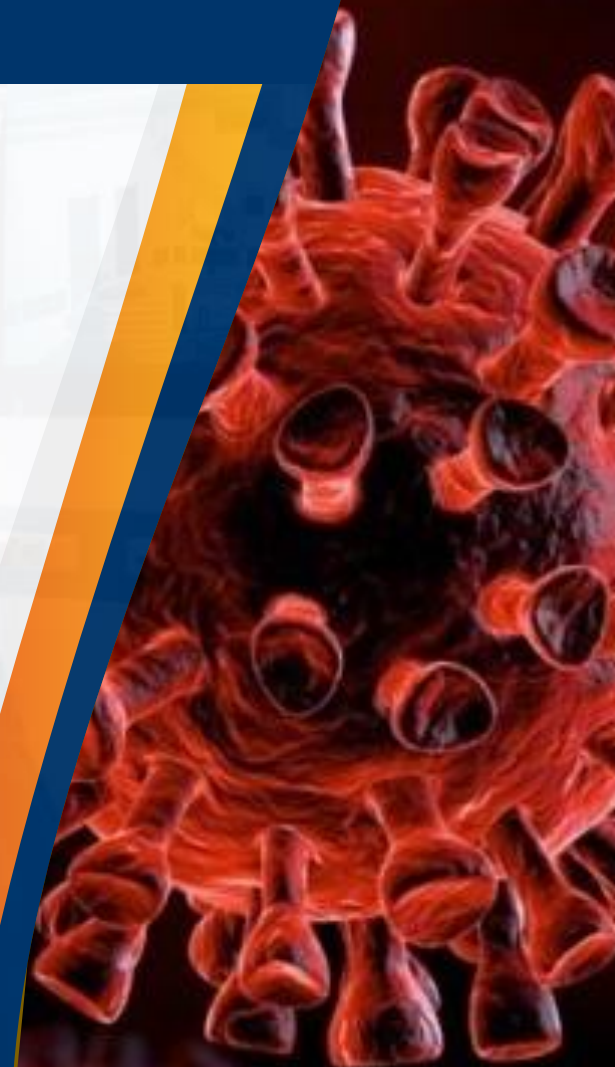
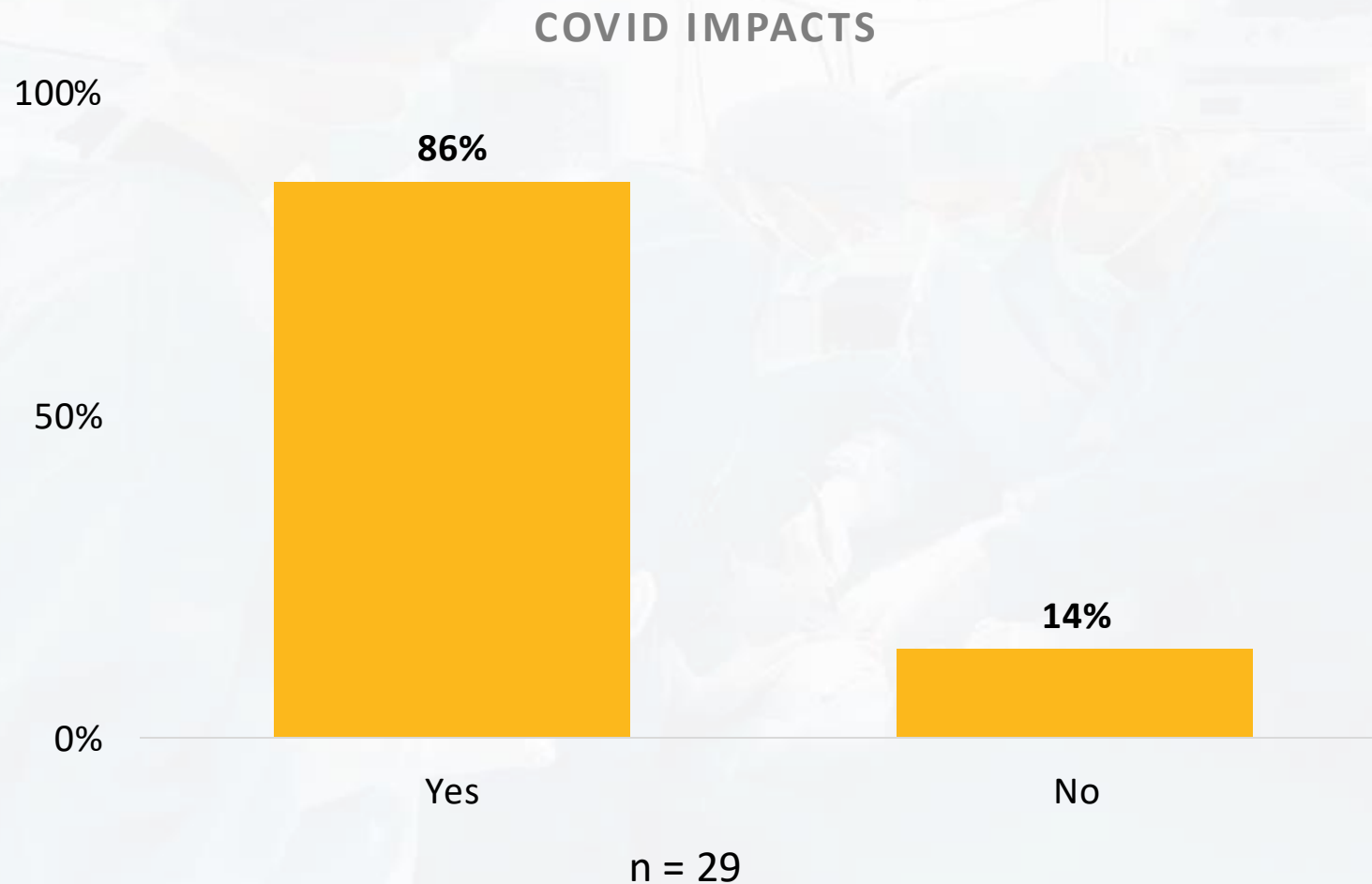
Section 6

Assessing Global Impacts

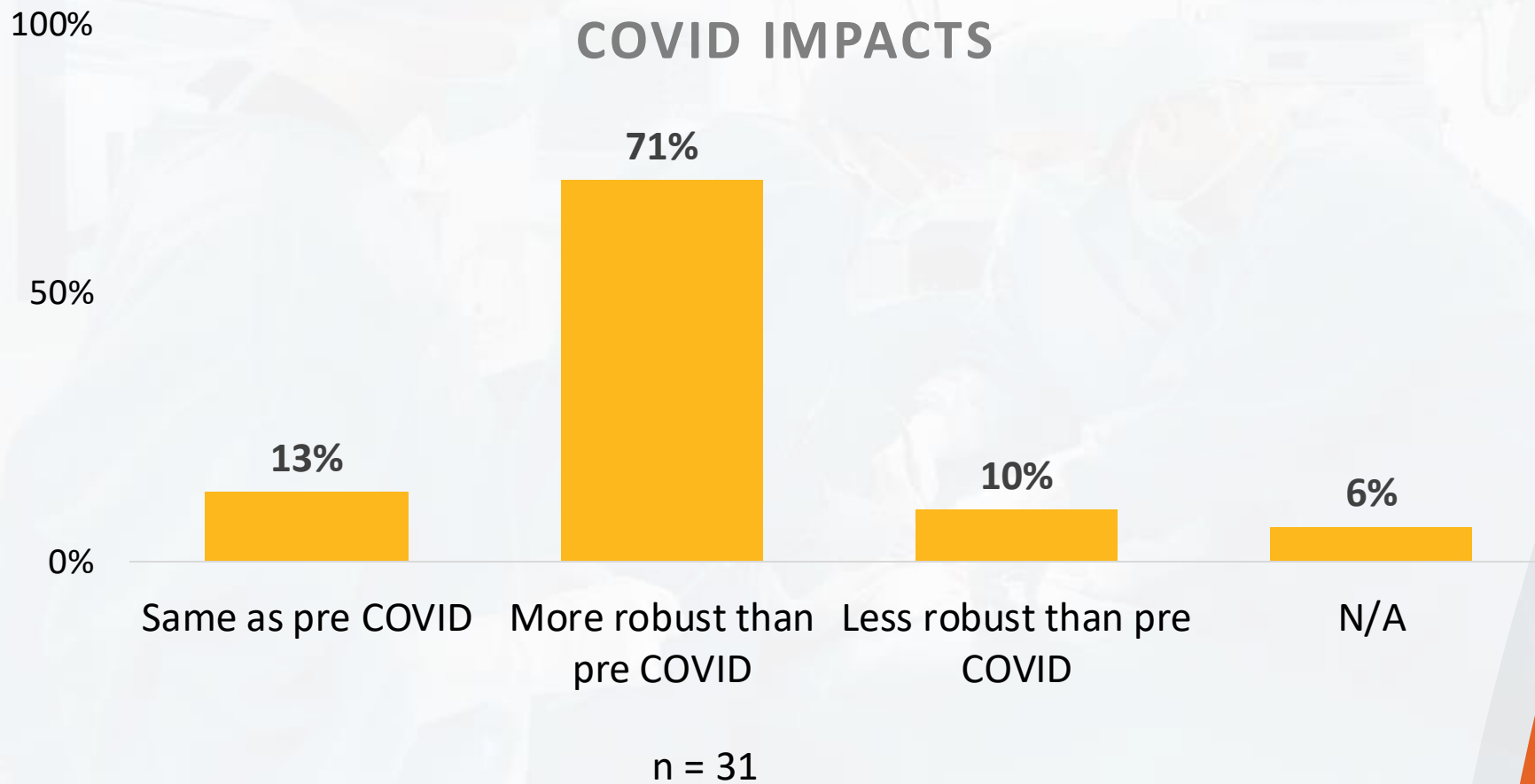
Are you still experiencing disruptions in your supply chain as a result of Covid Restrictions?



Do you see your organisation as ready in the event of another pandemic as we saw with Covid?

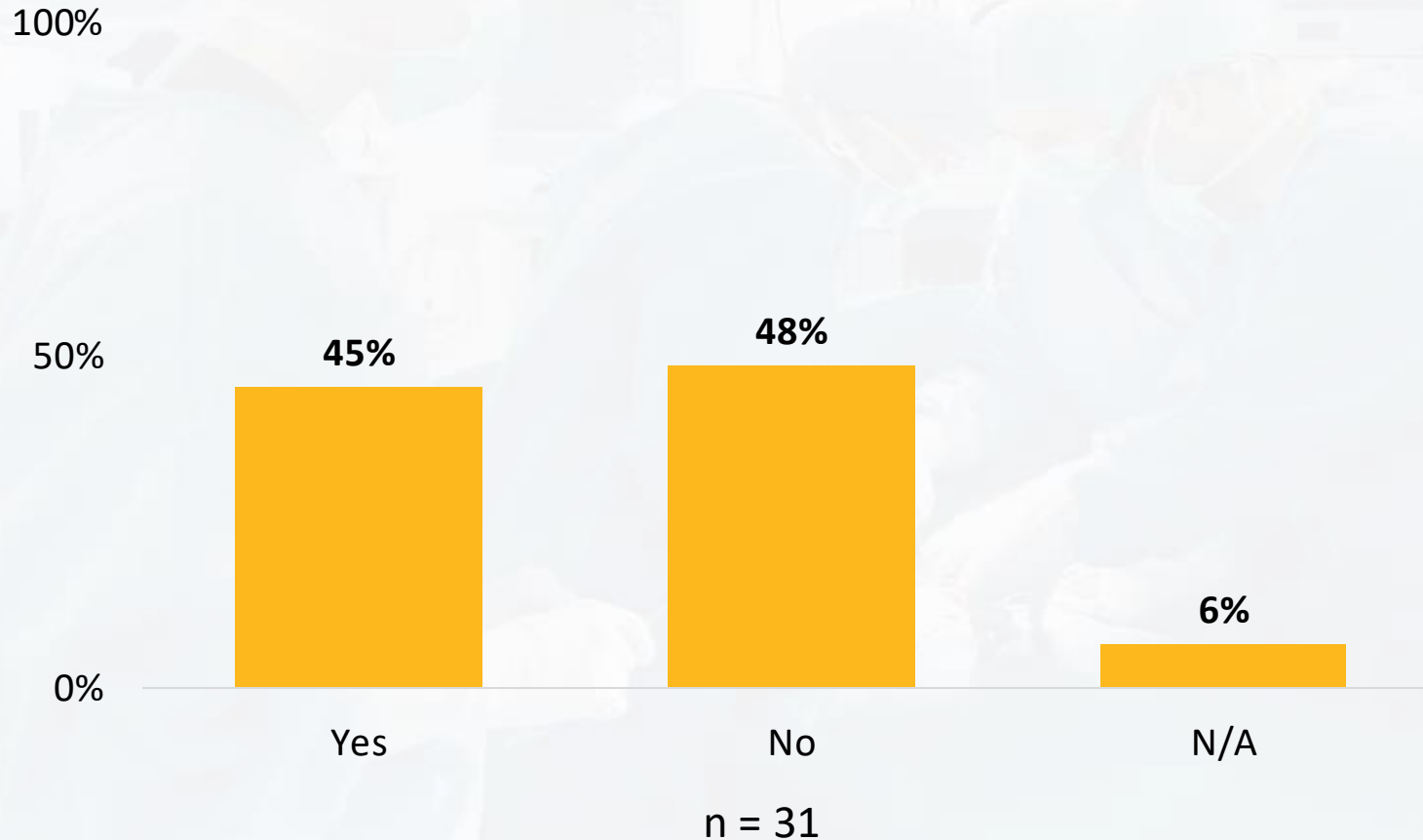


How Robust is your Supply Chain Today compared with Pre Covid?



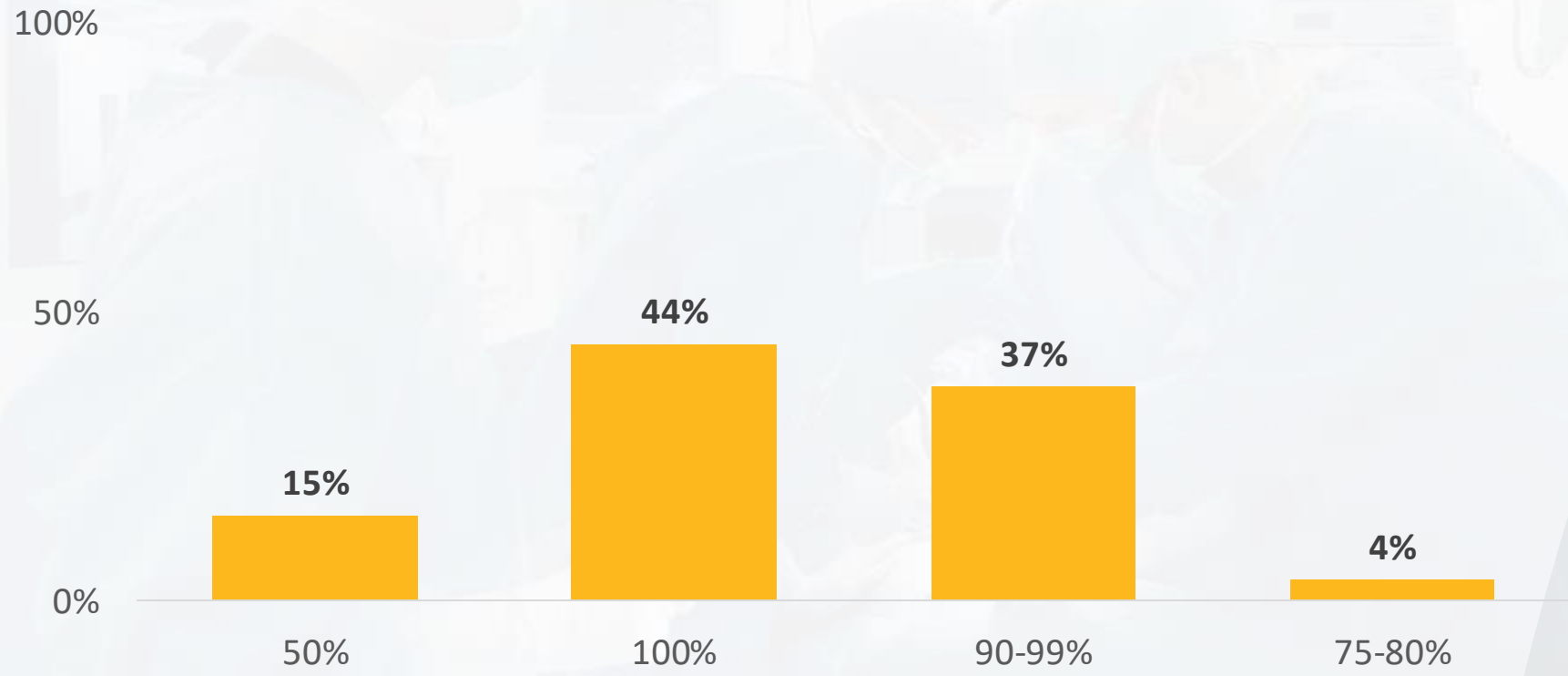
Are your supply chains being impacted by any geo-political events?

GEO-POLITICAL IMPACTS



What percentage of your suppliers that service the ANZ market are located overseas?

OVERSEAS SUPPLIERS

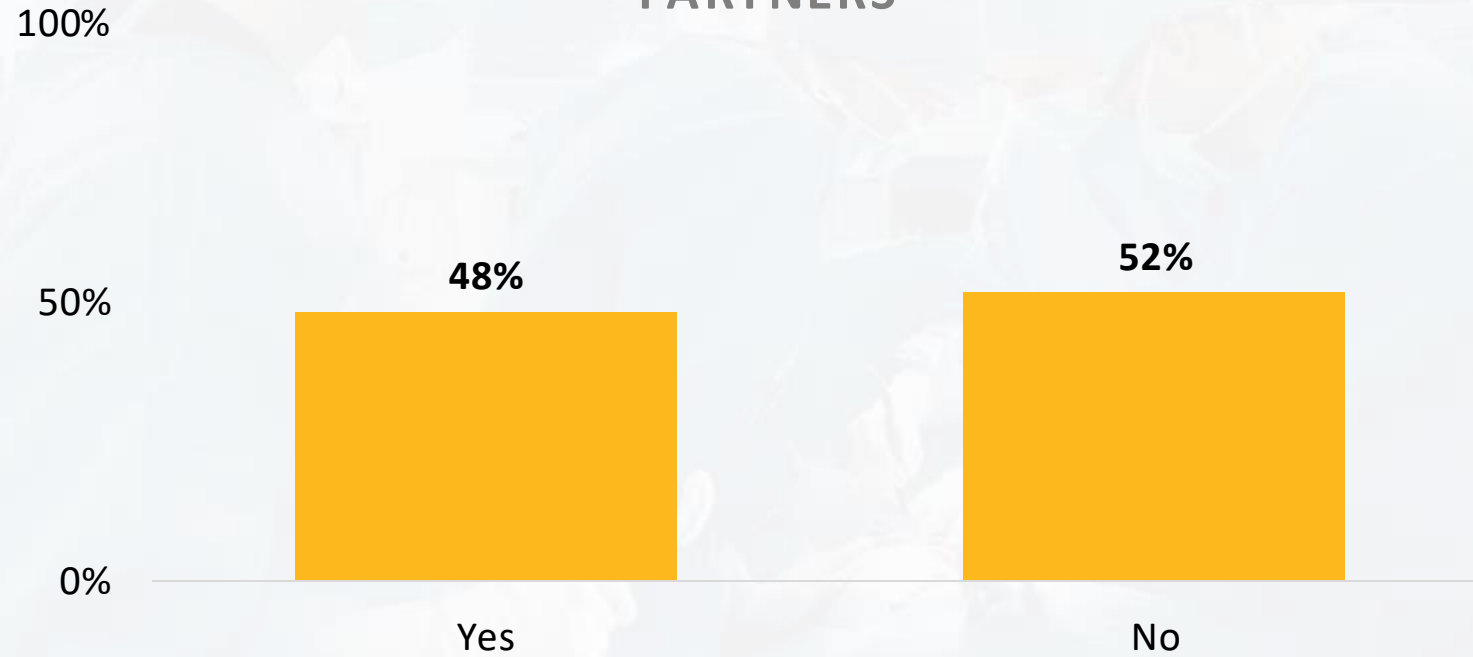


n = 27



Are you looking to improve service delivery aspects through dedicated healthcare service providers?

SEEKING DEDICATED HEALTHCARE SERVICE PARTNERS

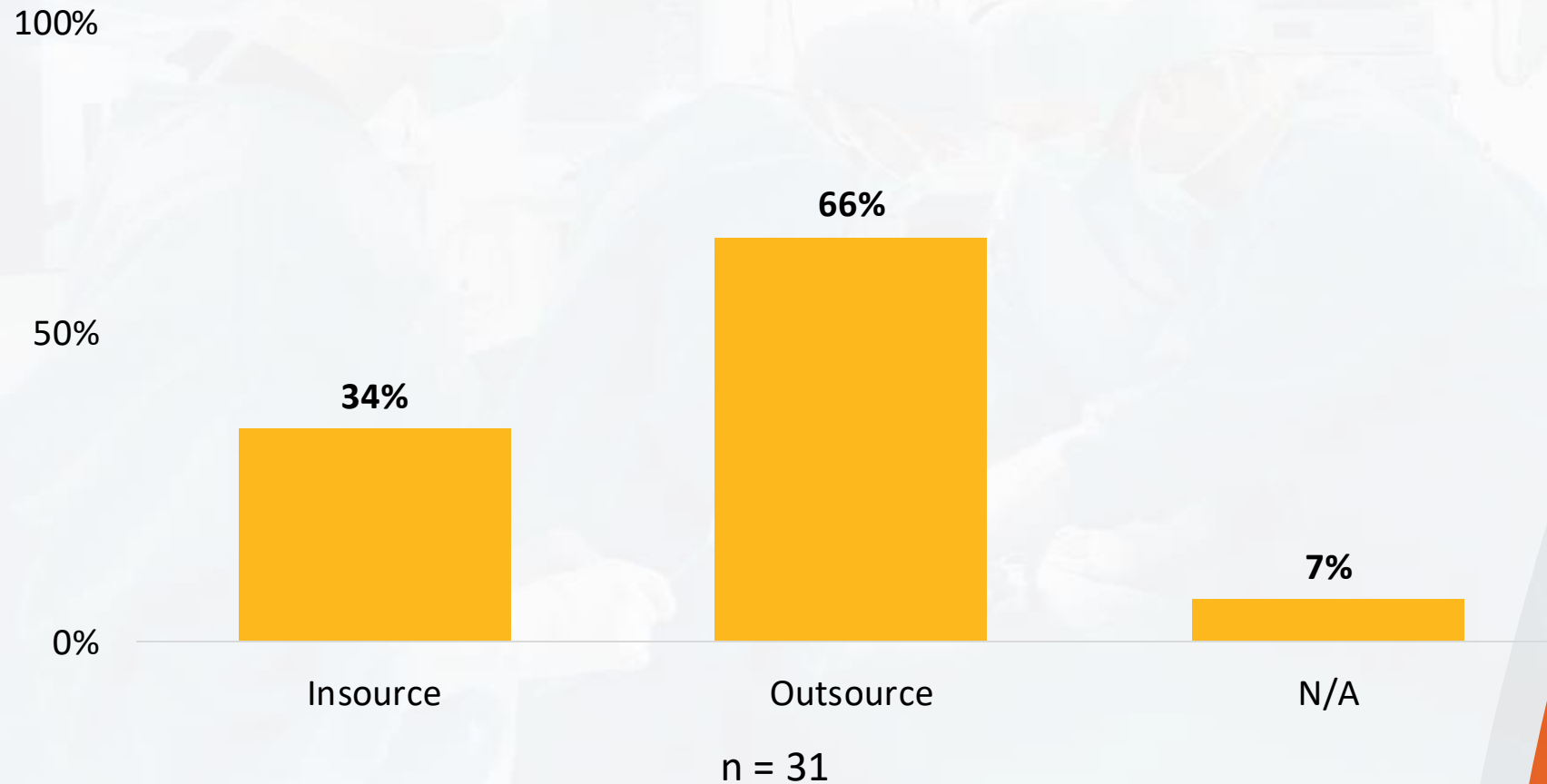


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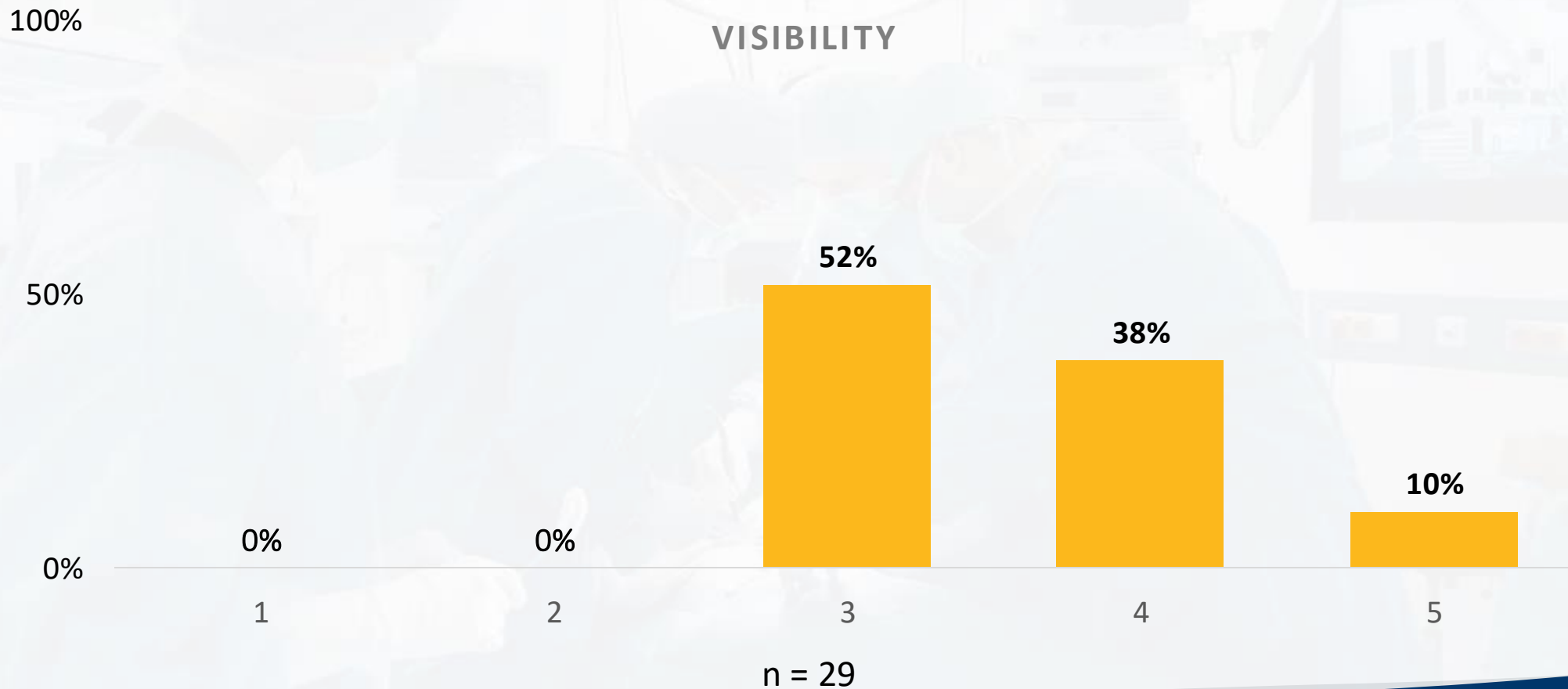


Do you insource or outsource domestic supply chain services?

DOMESTIC SUPPLY CHAIN SERVICES

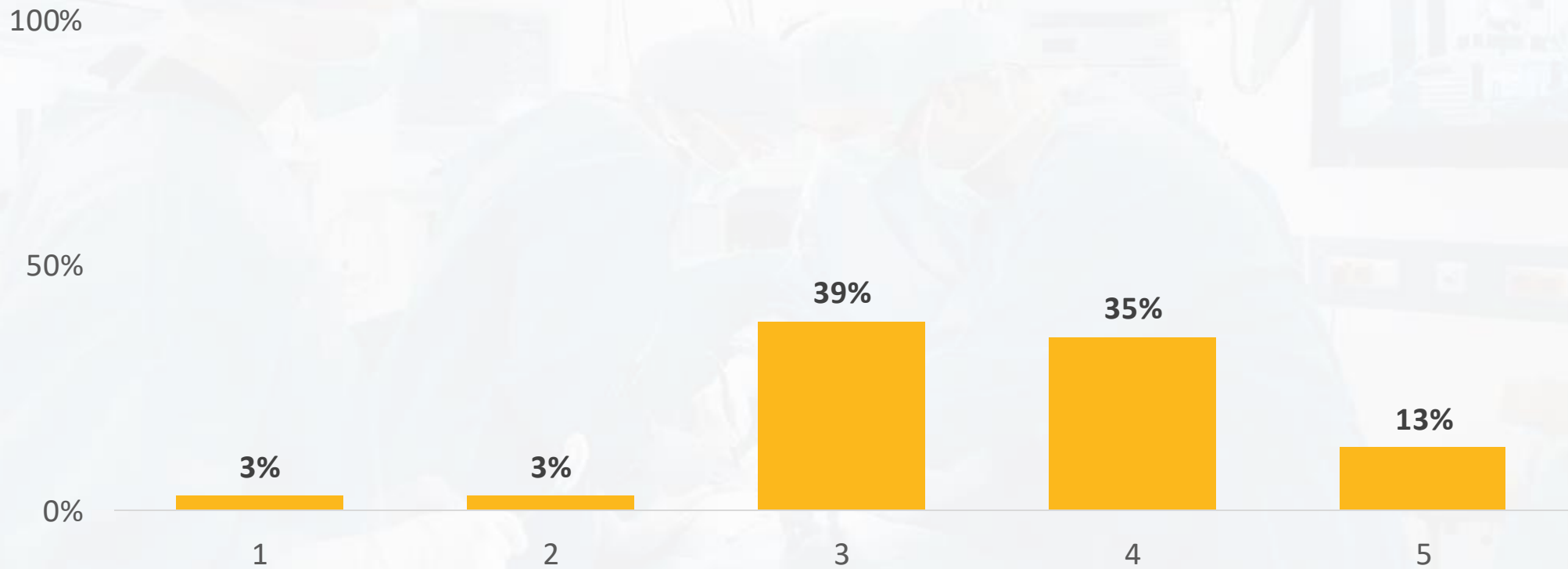


On a scale between 1 and 5 (1 being the worst and 5 being the best), how would you assess your supply chain against each of these domains that make up resilience



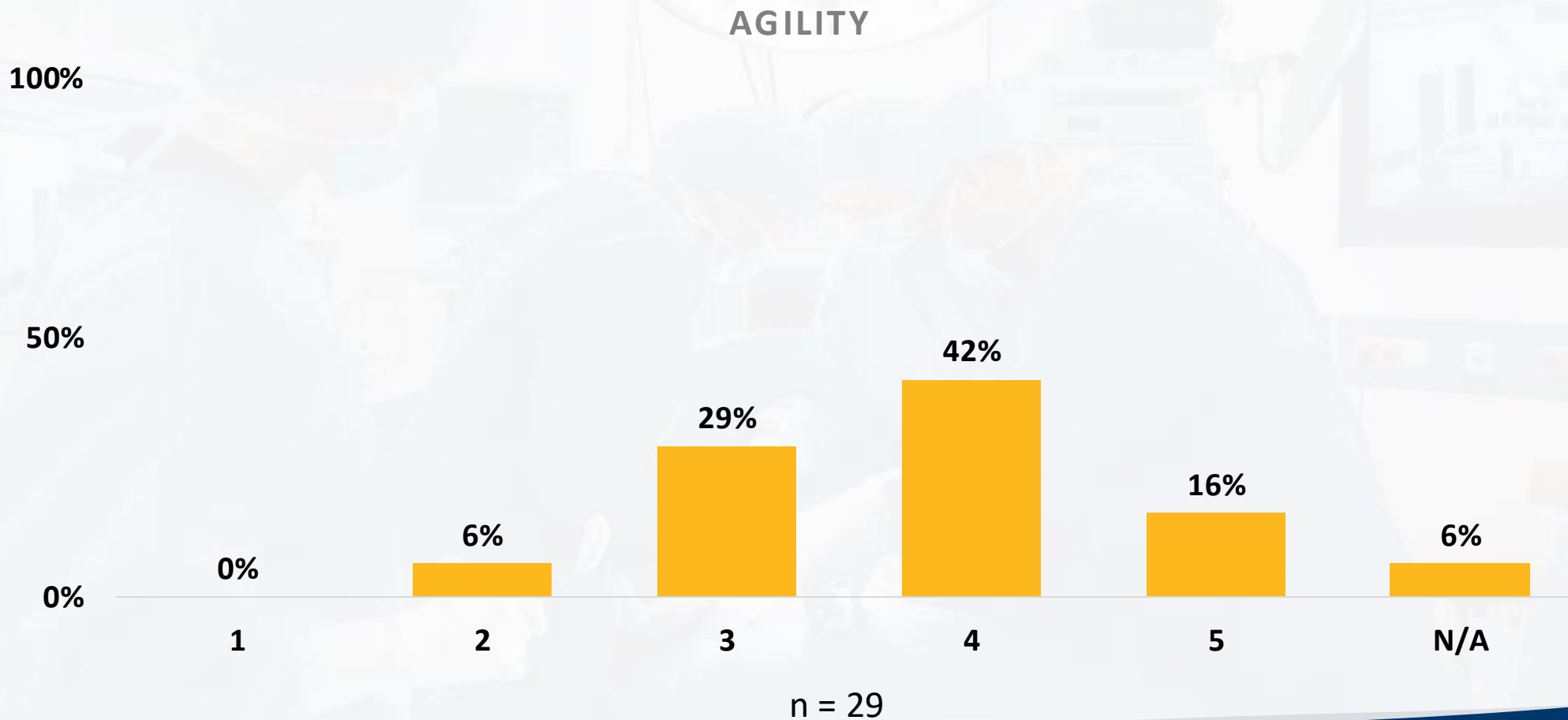
On a scale between 1 & 5 (1 being the worst and 5 being the best). How would you assess your supply chain against each of these domains that make up resilience

FLEXIBILITY



n = 29

On a scale between 1 & 5 (1 being the worst and 5 being the best). How would you assess your supply chain against each of these domains that make up resilience

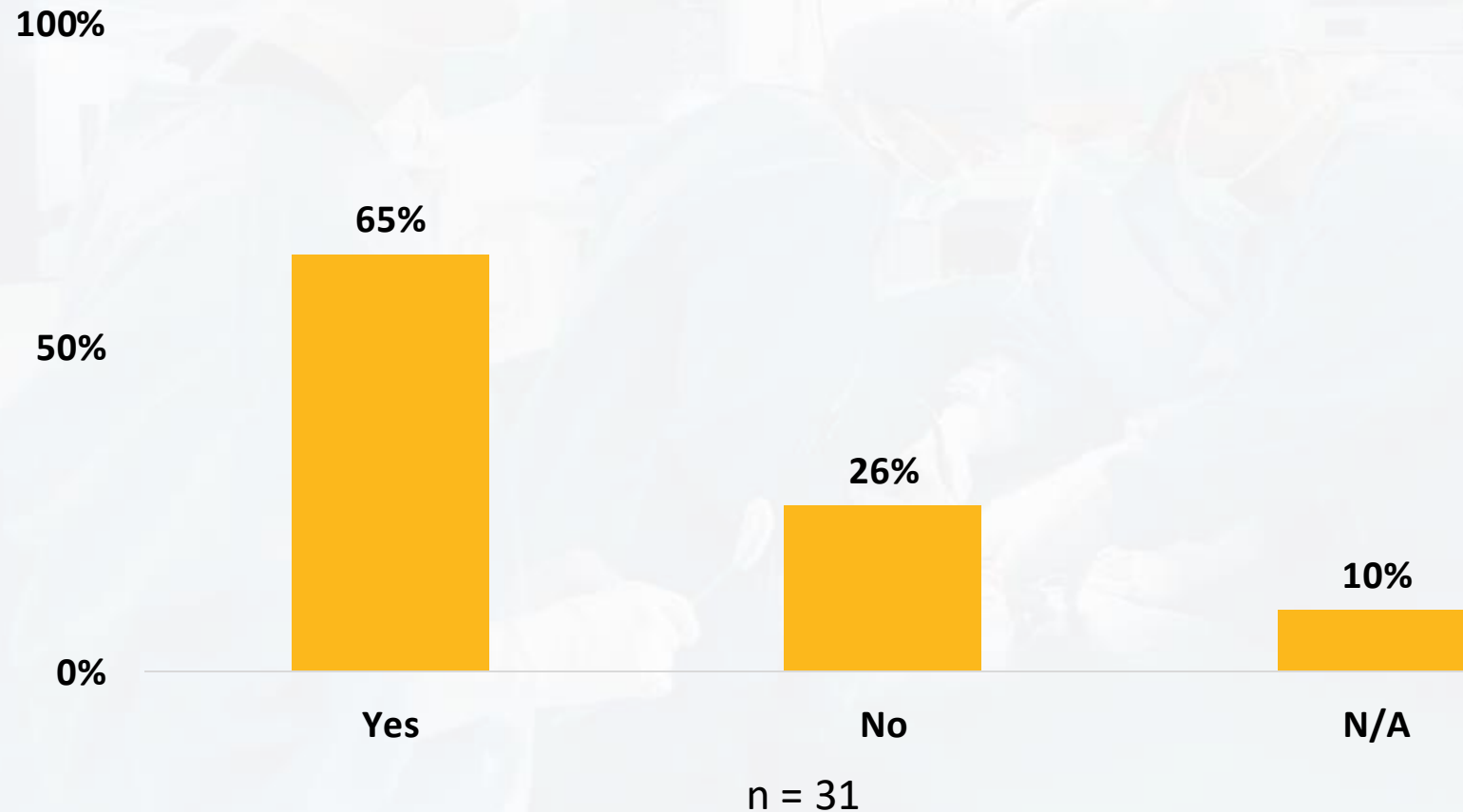


Section 7

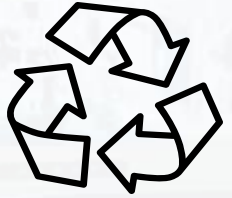
ESG

Has your company adopted any environmental sustainability initiatives that impact supply chain operations?

ENVIRONMENTAL SUSTAINABILITY INITIATIVES



ENVIRONMENTAL SUSTAINABILITY



Key Actions companies are undertaking

1. Implementing processes to reduce amount of plastic in packing used across their supply chains
2. Working with third party logistics providers that are carbon neutral
3. Installing solar panels on key supply chain infrastructure
4. Consolidating freight orders

What State or Commonwealth government information would help manage sustainability requirements for your supply chain operations?

1. Clear guidelines on reporting requirements for industry on sustainability targets
2. Transparency around evaluation criteria weighting in relation to environmental sustainability in state contracts
3. Understanding how different entities (eg if they are distributor or both a distributor or manufacturer) address future requirements)

MEMBER COMMENTS

*'Freight consolidation.
Reduced packaging'*

'Using 3PLs + Freight forwarders who are investing in sustainability that is measurable'

'Carbon neutral couriers, Solar Panels on distribution centres, continuous improvement initiatives to remove inventory waste.'

'Very specific quantifiable objectives'

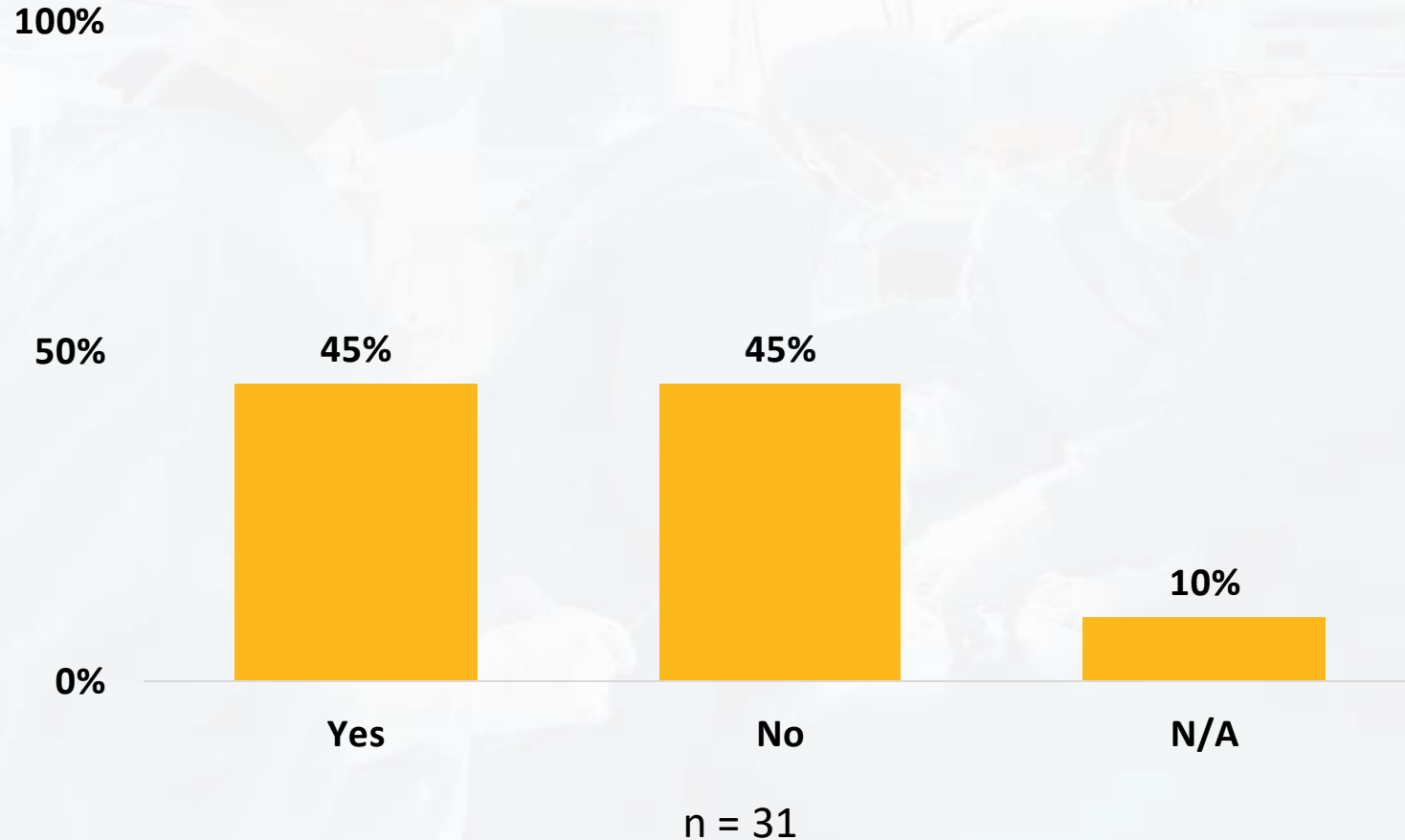
'We are distributors only.'

'Clear guidelines on how to record and repeat initiative'

'Weighting and evaluation criteria for tender responses or expectation to be clear'

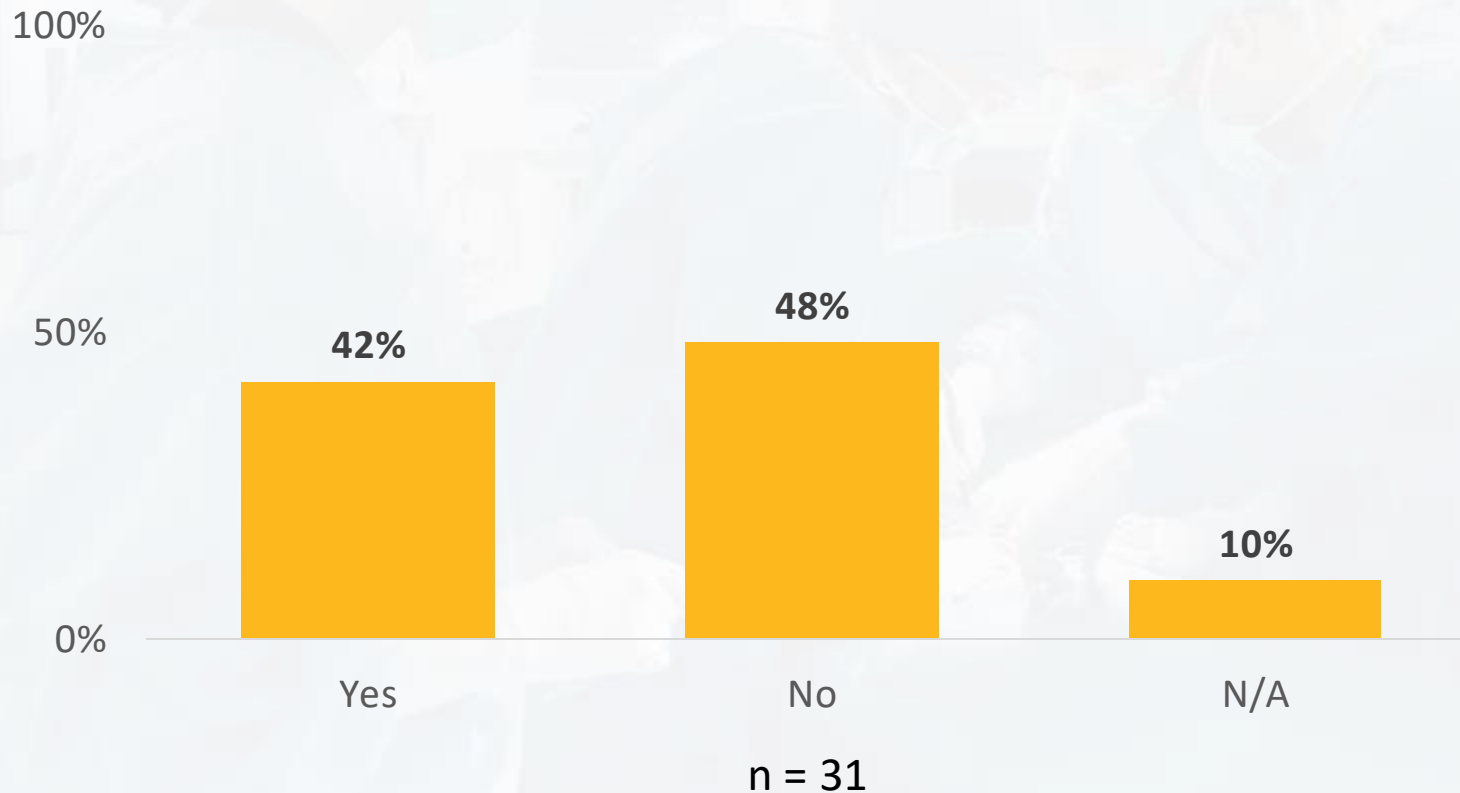
As part of meeting net zero climate targets, does your company have a public-facing carbon reduction plan

CARBON REDUCTION PLANS



Are suppliers providing or planning to provide your customers with product/service level CO2 emission data

REPORTING ON CO2 PRODUCT LEVEL DATA



MODERN SLAVERY



Key Actions companies are undertaking

1. Regular audits and supplier agreements
2. Dedicated global teams overseeing modern slavery requirements
3. Embedding modern slavery requirement into contracts and compliance teams providing internal education

Expectation from state/Commonwealth government to help industry manage these requirements

1. Recommended risk assessments tools
2. Objective measure of modern slavery compliance performance

MEMBER COMMENTS

“Regular audits and supplier agreements with all partners with our business”

‘Using 3PLs + Freight forwarders who are investing in sustainability that is measurable’

‘Clarify scope and suppliers where supply chain is only a distributor’

‘Guidelines or tools for conducting risk assessments and assess risk of modern slavery within the supply chain’

‘Very specific quantifiable objectives’

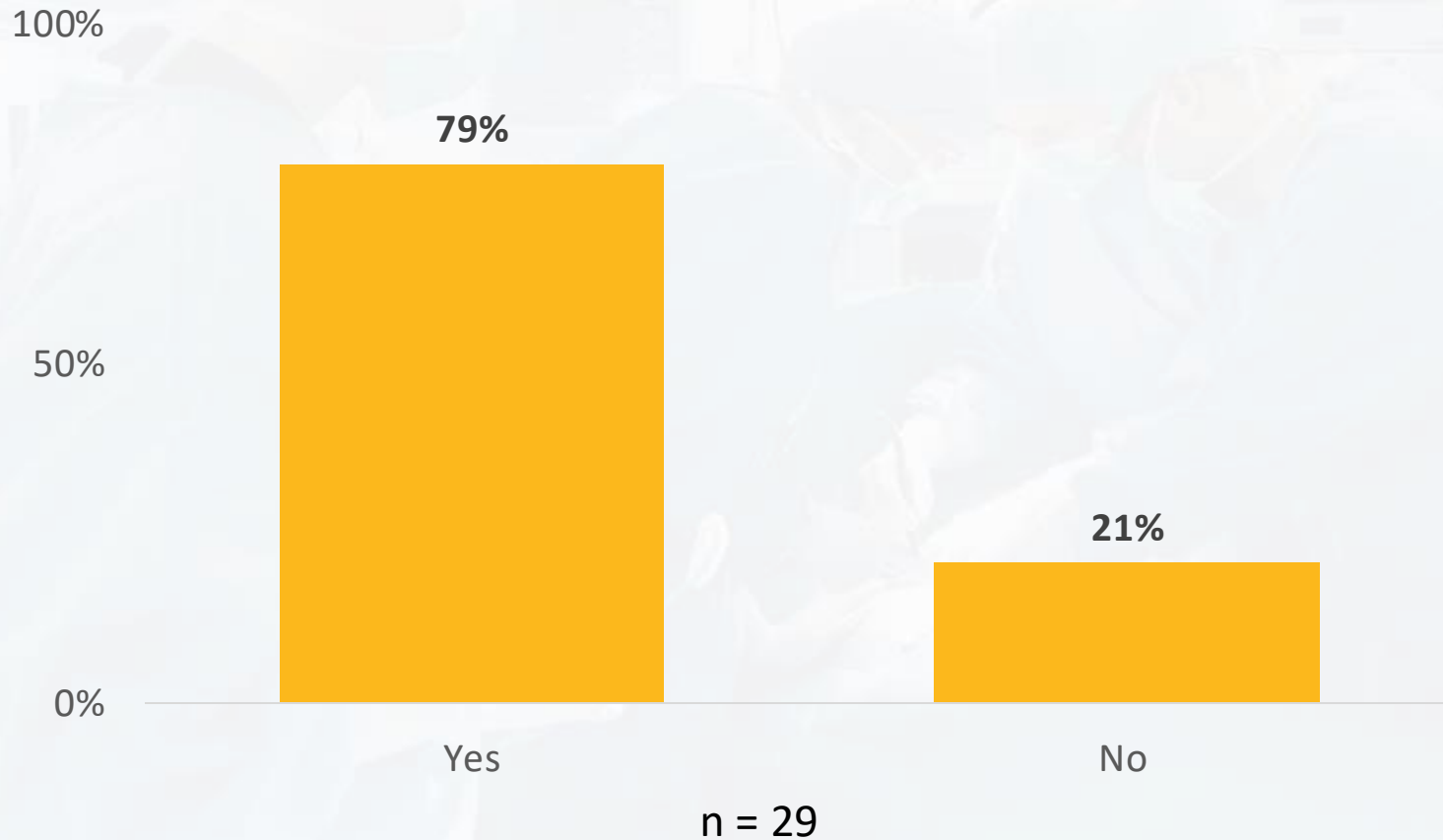
Based on most recurring trends in free text responses to this question (n=15)

Section 8

Digital

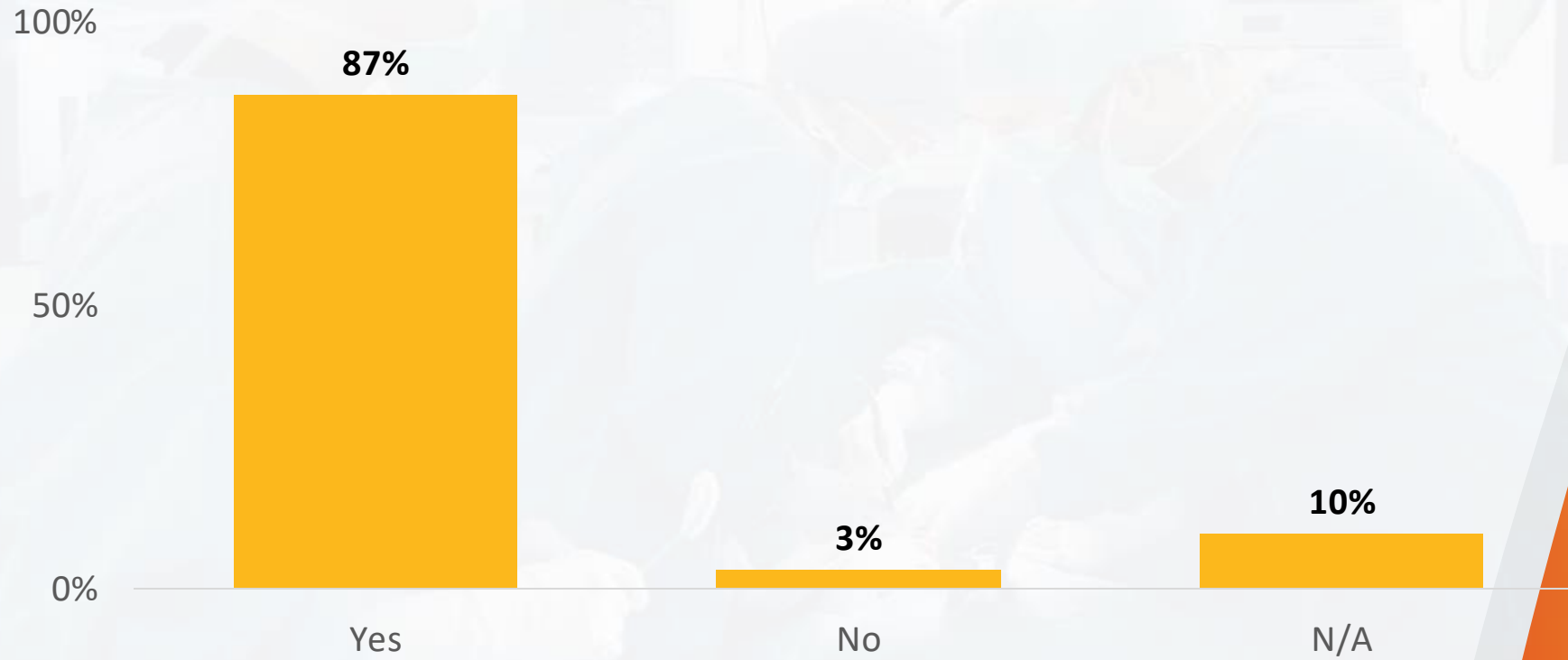
Does your organisation currently use data analytics as part of supply chain operations?

DATA ANALYTICS



Does you have cybersecurity protocols in place for your supply chain systems?

CYBERSECURITY PROTOCOLS



n = 31



CYBERSECURITY

Key Actions companies are undertaking

1. Forming a dedicated cybersecurity team for the organisation than for separate business units
2. Investment in secure infrastructure and implement rigorous cybersecurity protocols

MEMBER COMMENTS

"A single team handles a range of cybersecurity tasks, including research and development for product cybersecurity"

"Our efforts focus on upholding an information technology infrastructure that implements physical, administrative and technical controls designed to protect personal information along with intellectual property and proprietary information"

"All system securities are managed by our Global IT team with relevant and required training provided to all staff where necessary."

Based on most recurring trends in free text responses to this question (n=27)

Does artificial intelligence play a part in your supply chain operations currently?

ARTIFICIAL INTELLIGENCE IN SUPPLY CHAINS

