



# PROCUREMENT GUIDE 2020

## 100x Surge in Demand for PPE as Middle East Supply Chain Tries to Ramp Up

**The pandemic has exposed major vulnerabilities in global supply chains for personal protective equipment (PPE), which was almost entirely reliant on a small number of mostly Chinese-based manufacturers and designed to optimise costs, not continuity of supply. In 2019, China manufactured 5 billion masks, supplying more than 90% of the world's demand. This year, the world will need more than 100 billion masks, and prices have soared.**

A With the number of COVID-19 cases continuing to accelerate, there is alarming shortages for the essential PPE – masks, gowns, gloves and other protective gear – to protect front line healthcare professionals across the Middle East. Insufficient PPE supplies are leading to reports of protests and even resignations by healthcare workers in Egypt.<sup>1</sup>

The problem has been exacerbated by the widespread adoption of PPE outside patient care by people trying to safeguard themselves, and to a lesser degree, countries stockpiling supplies or border controls restricting supply. The scarcity of supply and increasing cost of transportation is raising the price of PPE, especially N95 masks by as much as a factor of 20.

### **Industrial PPE is also in short supply**

The increase in the demand of N95 masks is also impacting the supply for industrial PPE. Suppliers shifting their focus towards manufacturing the masks and gloves has impacted the manufacturing of other PPE like industrial safety glasses, welding

helmets and chemical resistant gloves, that are in high demand (growing 8% annually) from construction, manufacturing, and energy industries across the Middle East.

### **Secure adequate PPE for the healthcare providers**

As the first priority, procurement managers should build resilience in their supply chains – sure-up pricing and supply and expand engagements with existing suppliers, develop the market if volume needs are large, and also broaden the supply base through the growing number of Chinese and regional manufacturers in the Middle East, which continue to ramp up production.

Secondly, healthcare providers within each country should consider pooling their resources and coordinating purchasing personal protective equipment and ventilators with the biggest PPE manufacturers, which are all well-known global multinationals.

Thirdly, engage with governments to remove trade restrictions on medical and health products, and to get transportation and logistical support to help get PPE supplies to where they are needed.

### **Integrate real-time data feeds to drive purchase decisions**

Until we have a vaccine or an effective treatment, demand for PPE will continue to far outstrip supply, leading to shortages, long lead times and high costs. The key to success in the coming year is to quickly build flexible supply chains to ensure continuity of supply, minimise risk, and control costs.

The problem is that most companies' procurement officers are relying on antiquated spreadsheets, historical data and news reports about demand and disruptions. Instead, organizations that use Market Insights and look to integrate real-time external data feeds – all readily available and easily connected into companies' preexisting supply chain software solutions – such as John Hopkins University's COVID-19 map, port and factory closures, financial information about key suppliers, to identify and preempt issues. By getting hold of true market insight and overlaying the number of COVID-19 cases by country, state and city with internal data orders, suppliers, inventory, and logistics, companies are better able to ensure adequate supplies. ■

*1 Middle East Eye, 26 May, 2020 "Egyptians Criticize Conditions and Lack of Equipment"*

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