

Kingchem: Vital Link in Supplying Unusual Ingredient for Oncology Drug

The husband-and-wife team of Stephen Wang, CEO of Kingchem LLC, and COO Lillian Wu – whose backgrounds are in chemical engineering – started the minority-owned/certified manufacturing and distribution company in 1994 after emigrating from China and becoming U.S. citizens. Today, this diverse supplier to Johnson & Johnson has 400 employees, including staff based in Allendale, New Jersey.

Kingchem is currently a supplier to Janssen Pharmaceutical Companies of Johnson & Johnson for a key ingredient used to produce an important prostate cancer drug called ZYTIGA®, which was launched in April 2011. Kingchem, which had been an essential part of the product's development for more than 10 years, became the key commercial supplier of an important molecule (known as the intermediate) used to create the drug.

Today, ZYTIGA® has been approved in more than 80 countries worldwide, and is a cornerstone oncology drug for Janssen. One of Janssen's key customers – pharmaceutical distributor McKesson – delivers it to hundreds of hospitals across the United States.

Because of the drug's success, the initial launch exceeded the original forecast, and the Janssen Supply Chain immediately was challenged to provide sufficient product for all clinical trials and commercial sales worldwide. While unanticipated demand is not unique for a product launch, for this drug it involved a complicating twist: The all-important raw material containing the key ingredient for the molecule needed to produce the drug is made from the Chinese yam – which is grown predominantly in China. This yam has been in short supply recently, in part due to its lengthy growing season: nearly three years. Yes, *years*. So while for most products it's possible to ramp up machinery and add shifts to increase production, humans can't make this yam grow faster.



You can't judge a yam by its cover. While it may appear rather ugly on the outside, the Chinese yam holds a pretty important ingredient on the inside – one that is key to producing an important prostate cancer drug.

An Extensive Network: Connecting the Dots

Kingchem has been an indispensable partner in making sure that the oncology drug could be delivered as needed – with no shortage since its launch. “As the key supplier of the primary ingredient, we have a big responsibility to ensure supply,” Wang said.

As a diverse Asian-American supplier, Kingchem benefits from a longstanding strategic alliance with the manufacturer in China that works with farmers to obtain the yam. To maintain supply continuity, Kingchem regularly communicated with the manufacturer and visited the raw material supplier to confirm that there was enough inventory to meet the growing market demand for ZYTIGA®.

Kingchem's strengths include a thorough understanding of Chinese culture and resources – and the network it has

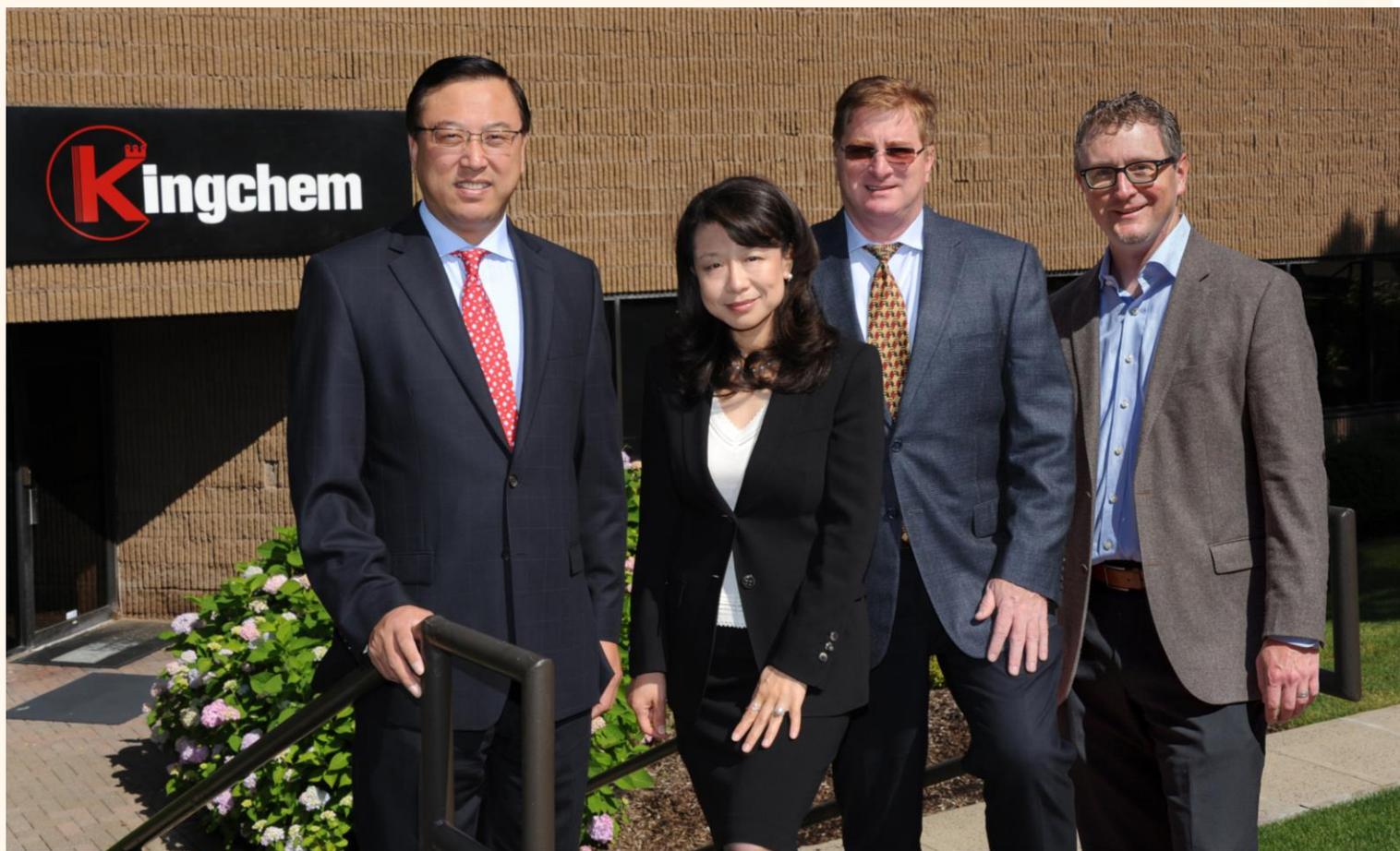
established within the supply chain. “We try to control cost to help our customer, so we select partners who help us bring value to the supply chain,” Wang said. Kingchem sets and delivers on very high standards.

Even before the product launched, Kingchem worked closely with Janssen teams and regulatory agencies to prepare for success. As Wu explained, “We sent FDA consultants to the manufacturing site for inspections and quality system reviews to support the new drug application. We also worked closely with Chinese regulatory agencies to meet all requirements.”

McKesson also maintains close ties with Janssen. Layne Martin, Vice President of Strategic Sourcing at McKesson, said,

“To make certain that customer needs are met, McKesson works with Janssen and other Johnson & Johnson companies to create a flexible distribution model to ensure that oncology drugs are delivered to the point-of-care – as quickly and efficiently as possible – whether to a community pharmacy, neighborhood retail pharmacy, hospital, mail order specialty pharmacy, ‘big box’ retailer, or oncology physician’s office.”

Phil West, Director, Trade Accounts, Strategic Customer Group for Johnson & Johnson, remarked, “Many of our patients would not have had access to this product without the efforts of both Kingchem and McKesson.”



Left to right: Kingchem CEO Stephen Wang and COO Lillian Wu, with Phil West, Director, Trade Accounts, Strategic Customer Group for Johnson & Johnson, and Layne Martin, Vice President of Strategic Sourcing at McKesson.

The Importance of Supplier Diversity

“As a leader in America’s healthcare system, McKesson recognizes and promotes the outstanding contributions of small and diverse businesses to the economic health and diversity of communities throughout the United States,” said Nancy Scott-Rogers, Director, Supplier Diversity, Global Sourcing at McKesson. “Supplier diversity is part of our culture, and a big part of what our customers expect from us. McKesson is committed to expanding opportunities to suppliers that can provide us with exceptional services at competitive value and cost. We appreciate opportunities like this to partner with our drug manufacturer partners to expand relationships with small and diverse businesses.”

Because of its exceptional work and continuous 100% delivery – even as supply requirements escalated with increased demand – Kingchem was awarded a 2012 Johnson & Johnson Global Supply Chain Supplier Diversity Performance Award. That is quite an accomplishment, as Johnson & Johnson has more than 1,700 diverse suppliers, and only three awards were given for this category of achievement.

“Above all else, this award demonstrates the commitment that Kingchem and Johnson & Johnson share toward serving patients around the world,” said Courtney Billington, Vice President, Janssen Supply Chain. “Our patients have very diverse needs. It requires us to provide high-quality innovative solutions with the ability to be flexible, compliant, and collaborative.”

Johnson & Johnson has a strong commitment to inclusion of diverse suppliers in its supply chain, and in 2011 became the first and only healthcare company to join the Billion Dollar Roundtable. Each of the 18 companies in this elite group purchases at least \$1 billion in goods and services annually from minority- and woman-owned businesses.

“At the end of the day the true value is how this collaboration in our supply chain benefits cancer patients,” noted Anu Hans, Vice President & Enterprise Supply Chain Chief Procurement Officer, Johnson & Johnson. “As stated in our supplier diversity mission statement, we believe partnerships like this have the ability to generate innovations in healthcare that can lead to new products, services, and treatments for disease that will help us achieve our aspiration to help people live longer, healthier, happier lives.” ♦



Harvested Chinese yams, which take three years to grow to maturity, are used for production of oncology drug ZYTIGA®.