

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12111

directed solely to those items which are being purchased for depot storage and distribution and disregards the very large amount of material purchased by field installations from Federal Supply Schedules or other local sources.

C. Field Installations

1. Wholesale Systems (Depots) Are Not The Prime Source of Supply For Field Installations, In Many Cases

An analysis of data submitted by the 55 field installations indicated total drug and pharmaceutical procurements of \$25,778,000. Of this total, 53 percent, or \$13,585,100, were supplied from a government depot system. Local purchases, which include Federal Supply Schedules, accounted for \$12,192,900, or 47 percent of the total dollar volume. These reported statistics clearly indicate that the military and civil agency stores distribution systems do not supply the bulk of the field medical activities' requirements.

Statistics on page 5 indicate, by dollar volume, how field installation requirements are met through government depot sources, Federal Supply Schedules, and local purchases.

Field Installations Are Purchasing A Considerable Volume Of Items Locally That Should Be Centrally Managed

a. Following a review of statistical data submitted by the 55 field installations and after analyzing the computer runs of their purchase documents, it was determined that field installations are purchasing items locally that should be supplied from an established source of supply. Also, that field installations are purchasing identical items on the open market at a wide range of prices.