

IoT in Supply Chain Management: A Focus on the Pharmaceutical Industry

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ABSTRACT

This paper looks at how the Internet of Things (IoT) is changing supply chains in the pharmaceutical industry. IoT means using smart devices like sensors, trackers, and software to collect and share data. In the pharmaceutical supply chain, this helps companies track products in real time, keep drugs at the right temperature, and make sure medicines are not fake. The paper explains how IoT is used for things like managing inventory, keeping machines working properly, and following safety rules. It also talks about the challenges, such as excessive costs, data privacy, and the need for skilled workers. Finally, the paper gives suggestions for how companies can use IoT better in the future. Overall, using IoT can help make pharmaceutical supply chains safer, faster, and more efficient.

Keywords: *Internet of Things (IoT), Pharmaceutical Supply Chain, Real-Time Tracking, Cold Chain Monitoring, Drug Safety, Inventory Management, Anti-Counterfeiting, Data Security*

The rapid evolution of digital technologies has significantly transformed global industries, and one of the most profound innovations influencing operational excellence is the Internet of Things (IoT). IoT refers to the interconnection of physical devices embedded with sensors, software, and other technologies that enable them to collect and exchange data over the internet. This interconnected network facilitates real-time monitoring, automation, and enhanced decision-making across a range of sectors. Among these, Supply Chain Management (SCM) stands out as a domain where IoT has brought about a paradigmatic shift—reshaping traditional processes and unlocking new levels of visibility, efficiency, and control.

SCM encompasses the end-to-end flow of goods, services, information, and finances from raw material acquisition to final product delivery. As supply chains have become increasingly complex, global, and customer-centric, traditional methods of management—dependent on manual oversight and delayed information—are no longer sufficient. IoT technologies provide the much-needed bridge between the physical and digital worlds, allowing companies to capture real-time data from every point in the supply chain and use it to enhance operational responsiveness and strategic agility.

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IoT's impact on SCM is multi-dimensional. From logistics and fleet management to inventory control and predictive maintenance, the integration of smart devices and sensors ensures continuous data flow, enabling organizations to optimize their processes, reduce wastage, and improve service delivery. For instance, GPS-enabled tracking systems allow companies to monitor vehicle locations, estimate delivery times accurately, and reroute shipments in response to real-time traffic updates. Similarly, RFID (Radio Frequency Identification) tags and smart sensors installed in warehouses help maintain accurate inventory levels and prevent stockouts or overstocking.

A particularly critical application of IoT in SCM lies within the pharmaceutical industry. Unlike many other sectors, pharmaceutical supply chains deal with overly sensitive products that require stringent control over temperature, humidity, and handling conditions. Ensuring the quality, safety, and authenticity of medications is not just a business requirement but a regulatory and ethical imperative. Here, IoT proves indispensable—enabling real-time monitoring of environmental conditions during storage and transit, ensuring cold chain integrity, and providing traceability for regulatory compliance.

For example, IoT-enabled temperature sensors in transport vehicles can continuously track and report temperature fluctuations, triggering alerts if the readings move beyond safe thresholds. This ensures that temperature-sensitive drugs such as vaccines or biologics maintain their efficacy throughout the supply chain journey. Additionally, the integration of IoT with blockchain can enhance traceability and authentication of drugs, mitigating the risks associated with counterfeit medications—a pressing issue in global pharmaceutical markets.

Despite its transformative potential, the adoption of IoT in supply chains is not without challenges. High implementation costs, data security concerns, lack of standardization, and the need for skilled personnel are some of the barriers that organizations face. Nonetheless, the long-term benefits—ranging from enhanced operational efficiency and compliance to improved customer satisfaction and sustainability—make IoT a strategic investment for future-ready supply chains.

This chapter aims to provide a comprehensive exploration of the applications, benefits, challenges, and prospects of IoT in supply chain management, with a focused lens on the pharmaceutical industry. Through an analysis of key technologies, practical implementations, and case examples, readers will gain insights into how IoT is reshaping supply chains and driving innovation across the pharmaceutical value chain.

Objectives

- 1. To explain the role of IoT in supply chain management**, especially in the pharmaceutical industry.
- 2. To identify the main IoT technologies** (like sensors, RFID, GPS, cloud systems) used in pharmaceutical supply chains.
- 3. To show how IoT improves safety, efficiency, and transparency** in storing and transporting medicines.
- 4. To highlight real-world applications** of IoT such as cold chain monitoring, inventory management, and anti-counterfeiting.
- 5. To discuss the challenges** in adopting IoT, such as cost, data security, and lack of skilled workers.
- 6. To provide suggestions and strategies** for successfully implementing IoT in pharmaceutical supply chains.

7. **To explore future trends**, including how IoT will work with other technologies like AI and block chain to create smarter supply chains.

REVIEW OF LITERATURE

1. **Lee & Lee (2015)** – *The Internet of Things (IoT): Applications, Investments, and Challenges for Enterprises*-This foundational paper introduced the concept of IoT in business contexts, highlighting its benefits such as real-time data collection and automation, while also pointing out early concerns like high costs, data privacy, and lack of global standards.
2. **Ram Meenakshisundaram (2017)**– *IoT in Pharmaceutical Manufacturing* Focused on the role of IoT in improving automation, process control, and efficiency in pharmaceutical manufacturing. It emphasized how real-time monitoring supports quality assurance and productivity.
3. **Bocek et al. (2017)** – *Blockchains Everywhere: A Use Case of Blockchains in the Pharma Supply Chain*-One of the earliest studies to explore how blockchain can work with IoT to improve transparency and traceability in the pharmaceutical supply chain, helping combat counterfeiting.
4. **Scaccia (2020)** – *The Pharmaceutical Supply Chain and the Internet of Things* This study discussed the growing role of IoT in meeting pharmaceutical regulations like the U.S. Drug Supply Chain Security Act (DSCSA). Technologies like RFID and temperature sensors were shown to support serialization, recall readiness, and visibility.
5. **Surjandy et al. (2020)** – *Benefits and Challenges of Blockchain Technology in Pharmaceutical Supply Chain Management*-Analysed how blockchain, when combined with IoT, can enhance security, reduce counterfeit drugs, and provide better traceability, while also identifying implementation hurdles like cost and technical complexity.
6. **Chen et al. (2022)** – *IoT-Blockchain-Enabled Pharmaceutical Supply Chain Resilience in the Post-Pandemic Era*- Developed a model for building resilient pharmaceutical supply chains after COVID-19 using IoT and blockchain technologies. It combined insights from academic literature and expert interviews.
7. **Zhang & Sakurai (2023)** – *A Hybrid Framework of Blockchain and IoT Technology for Pharmaceutical Supply Chain Management*- Conducted a systematic review of blockchain-IoT integration, showing how it helps detect fake drugs and ensure product authenticity throughout the supply chain.
8. **Takawira et al. (2024)** – *Emerging Technologies in the Pharmaceutical Supply Chain: Challenges and Opportunities*- Reviewed challenges in integrating advanced technologies like IoT, AI, and blockchain under the industry 5.0 vision. Key concerns included interoperability, cybersecurity, and data management.
9. **Adeyemo et al. (2024)** – *Combating Counterfeit Drugs in the U.S. Pharmaceutical Supply Chain Using IoT and Blockchain* -Proposed a blockchain-IoT model for real-time drug tracking, environmental monitoring, and counterfeit detection tailored to U.S. regulatory and market needs.
10. **Anonymous Study (2024)** – *Secure Pharmaceutical Supply Chain Using Blockchain in IoT Cloud*- Presented an advanced model integrating IoT, cloud, and blockchain technologies to automate and secure pharmaceutical logistics, improve efficiency, and support data analytics.

RESEARCH METHODOLOGY

Research Design

This study follows a **qualitative and exploratory research design**, aimed at understanding the role, applications, benefits, and challenges of Internet of Things (IoT) technologies in pharmaceutical supply chains. The focus is on gathering insights from existing literature, case studies, and technology frameworks to form a comprehensive analysis.

Data Collection Method

- **Secondary Data:** The study relies primarily on secondary data collected from:
 - Peer-reviewed journals
 - Industry white papers
 - Government and regulatory reports of Books and conference proceedings
 - Reputed websites and databases (e.g., IEEE Xplore, ScienceDirect, SpringerLink)
- **Case Studies:** Selected real-world examples of pharmaceutical companies implementing IoT based solutions (e.g., cold chain monitoring, RFID tracking) are reviewed to understand practical applications and outcomes.

Data Analysis Method

- **Thematic Analysis:** A qualitative **thematic analysis** is conducted to identify common patterns, challenges, technologies, and strategic approaches across the collected literature and case examples. Topics include:
 - Types of IoT technologies used
 - Impact on supply chain efficiency of Implementation barriers.
 - Integration with other technologies (e.g., blockchain, AI)
- **Comparative Analysis:** Comparative evaluation is used to contrast traditional supply chain systems with IoT-enabled systems in terms of traceability, efficiency, cost, and compliance.

Scope of the Study

- Focuses on the **pharmaceutical supply chain**, including manufacturing, storage, distribution, and delivery.
- Covers technologies such as **RFID, sensors, cloud computing, GPS, and blockchain** integration.
- Emphasizes global challenges but includes examples from both **developed and developing countries**.

Limitations

- The study is based on **secondary data** and may lack primary insights from industry professionals.
- Technological advancements post-2024 may not be covered.
- Generalization is limited to the pharmaceutical industry and may not apply to all sectors.

IoT Technologies in Supply Chains

The integration of IoT in supply chain management relies on a diverse ecosystem of technologies that enable seamless data collection, transmission, analysis, and action. These technologies form the backbone of intelligent, responsive, and agile supply chains. In this section, we explore the key IoT components and how they are applied across various stages of the supply chain, with a growing emphasis on applications in the pharmaceutical industry.

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Sensors and Actuators: At the core of any IoT system are sensors and actuators. Sensors are responsible for collecting real-time data on various parameters such as temperature, humidity, location, motion, and light, while actuators perform actions based on this data. In pharmaceutical logistics, temperature and humidity sensors are crucial for monitoring conditions in cold chain storage and transport.

RFID and NFC: RFID and NFC technologies are widely used for tracking and identification throughout the supply chain. RFID tags attached to products, pallets, or containers enable automatic identification and real-time tracking without manual scanning. NFC, often used in consumer-facing applications, allows patients and healthcare providers to verify product authenticity by scanning a code with a smartphone.

GPS and GIS: GPS technology provides real-time location tracking, enabling companies to monitor the movement of goods. When integrated with GIS, it allows for advanced route optimization, geo-fencing, and predictive delivery scheduling.

Cloud and Edge Computing: Cloud computing processes and stores data from IoT devices, offering scalable infrastructure. Edge computing allows faster response times by processing data locally, which is particularly useful in mobile environments like delivery vehicles.

Connectivity Protocols: Communication networks such as Wi-Fi, BLE, Zigbee, LoRaWAN, and 5G support data transmission. The selection depends on application needs, balancing power consumption, range, and speed.

Data Analytics and AI: Advanced analytics and AI algorithms turn IoT data into predictive insights, such as forecasting demand or identifying equipment failures.

Blockchain Integration: When integrated with IoT, blockchain enhances data integrity, traceability, and security, which is vital for drug authentication and regulatory compliance.

Applications of IoT in Pharmaceutical Supply Chains

IoT technologies enhance transparency, efficiency, and responsiveness in pharmaceutical supply chains. Applications include:

- **Cold Chain Monitoring:** Real-time monitoring of temperature and humidity ensures the integrity of sensitive drugs during storage and transit.
- **Real-Time Asset Tracking:** GPS and RFID systems enable end-to-end visibility of pharmaceutical shipments, reducing delays and theft.
- **Inventory Management and Warehouse Automation:** Smart shelves, RFID tags, and sensors automate inventory tracking and reduce errors.
- **Anti-Counterfeiting and Product Authentication:** IoT enables secure product traceability and verification to combat counterfeit drugs.
- **Predictive Maintenance:** Sensors on manufacturing equipment allow for predictive maintenance, reducing downtime and ensuring compliance.
- **Regulatory Compliance and Documentation:** Automated data collection supports compliance with health regulations and simplifies audits.

Benefits of IoT in Pharmaceutical Supply Chains

The benefits of IoT in pharmaceutical supply chains include:

- **Enhanced Visibility and Transparency:** Real-time tracking improves decision-making and accountability.

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- Improved Product Quality and Safety: Environmental monitoring ensures drugs remain within required conditions.
- Strengthened Compliance: Automated documentation helps meet regulatory standards and facilitates audits.
- Reduction in Counterfeiting and Theft: IoT enables secure authentication and tracking of drugs.
- Operational Efficiency: Automation reduces costs and improves process accuracy.
- Reliable Deliveries: Dynamic routing and real-time updates ensure timely delivery of essential medicines.
- Enhanced Customer Satisfaction: Improved service quality and traceability increase trust among stakeholders.
- Support for Sustainability: Route and resource optimization contribute to environmentally friendly practices.

Challenges and Limitations of IoT Implementation

Despite its benefits, IoT implementation faces several challenges:

- High Initial Investment: Hardware, software, and integration costs are significant.
- Data Security and Privacy: IoT systems are vulnerable to cyber threats.
- Interoperability: Lack of standardization leads to integration difficulties.
- Skill Gaps: Specialized technical knowledge is required to operate and maintain IoT systems.
- Infrastructure Limitations: Connectivity issues can hinder real-time applications.
- Resistance to Change: Organizational culture may resist digital transformation.
- Regulatory Barriers: Legal uncertainties and evolving compliance requirements pose additional risks.
- Scalability: As device numbers grow, ensuring consistent performance and security becomes more complex.

Future Outlook and Strategic Recommendations

IoT is expected to play a transformative role in the future of pharmaceutical supply chains.

Future Outlook:

- Integration with Emerging Technologies: Combining IoT with AI, blockchain, and robotics will enable smarter, autonomous supply chains.
- Personalized Supply Chains: IoT will support on-demand, patient-specific pharmaceutical distribution.
- Regulatory-Driven Innovation: Governments will increasingly mandate digital tracking and transparency.
- Sustainable Operations: IoT will help companies optimize logistics and reduce environmental impact.

Strategic Recommendations:

- Develop a Clear IoT Roadmap: Align implementation with business goals and regulatory needs.
- Invest in Workforce Training: Build internal technical expertise to manage IoT systems.
- Prioritize Security: Implement robust data protection and governance frameworks.
- Form Strategic Partnerships: Collaborate with technology vendors for faster, more effective deployment.
- Ensure Interoperability: Use open standards to facilitate system integration and scalability.

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- Embrace Data-Driven Culture: Use real-time insights to drive continuous improvement.

CONCLUSION

IoT has become a cornerstone of innovation in pharmaceutical supply chains. It enhances efficiency, ensures product integrity, and supports regulatory compliance. While challenges exist, including cost and complexity, the long-term advantages are substantial.

As emerging technologies converge with IoT, pharmaceutical firms have an unprecedented opportunity to create resilient, transparent, and patient-centric supply chains. Embracing IoT is no longer optional—it is essential for firms striving to meet global demands, ensure public safety, and maintain a competitive edge in the digital era.

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Conflict of Interest

The author(s) declared no conflict of interest.

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