

Summary

In order to prepare for the ramp-up of its first product launches Basilea Pharmaceutica started to build sales organizations in its nine prospective biggest markets in Europe and North America.

To ensure consistency and unification of the business processes designed in the Basilea Headquarters in Basel to be used by all affiliates, Basilea decided to run the headquarters and all entities on one supporting software solution.

Since Basilea was working on a standalone headquarter installation of SAP R/3 already, the selected approach was to realize the implementation with SAP ECC 6.0 on a single client.

Doing so, the local functional knowledge could be built upon the basis of a common set of documentation, processes and rules and minimize the work to consolidate figures at month end and year end closing as well as reinforce comparability between sites. Intercompany processes would be supported and Supply Chain Management optimized by using unified numbering logic and company wide master data.

Lodestone was selected as the delivery partner for the definition and implementation of the methodology and the setup of the core, as well as for the subsequent rollout to all sales organizations Basilea was looking for a partner to guarantee the success of the ERP program as an embedded part of the planned complex business expansion process. Lodestone was chosen because of its deep pharmaceutical industry and business process knowledge and its technology expertise combined with its proven program and project management as well as its system implementation track record enabling Basilea to realize business value with minimum risk.

By the program, Basilea achieved its goal to have a stable and reliable validated system available on the basis of centrally defined processes, supporting the timelines of the global sales organization setup and reinforcing its success. The system covers all necessary local and global financial and controlling functions as well as the necessary logistics processes to reflect the central production and distribution to local organizations.

For Basilea, the project was an essential part of bringing its products to the market and expanding the business.

ERP Stream

Basilea Pharmaceutica

Basilea Pharmaceutica Ltd. is a biopharmaceutical company headquartered in Basel, Switzerland. The company is focused on the discovery, development and commercialization of innovative medicines to satisfy high medical and patient needs in the hospital and specialty pharmaceutical setting. The company owns a broad and balanced late-stage product portfolio including novel treatments for resistant bacterial infections, systemic fungal infections, and severe skin diseases.

Basilea's objective is to maintain a continuous pipeline of innovative candidates to meet the clinical need for products that have distinct advantages over available therapies.

Initial Situation

In 2006, for the first Basilea drug candidates a clear way to market could be seen. The product pipeline comprised two drug candidates in pre-registration, one in clinical phase III as well as substantial innovative early-stage programs. This made it necessary to prepare for product launches from an organizational and process point of view. BASILEA initiated the Enterprise Program to face these challenges, comprising the setup of a state of the art ERP system to accompany the organizational setup. From a project point of view the challenge was to:

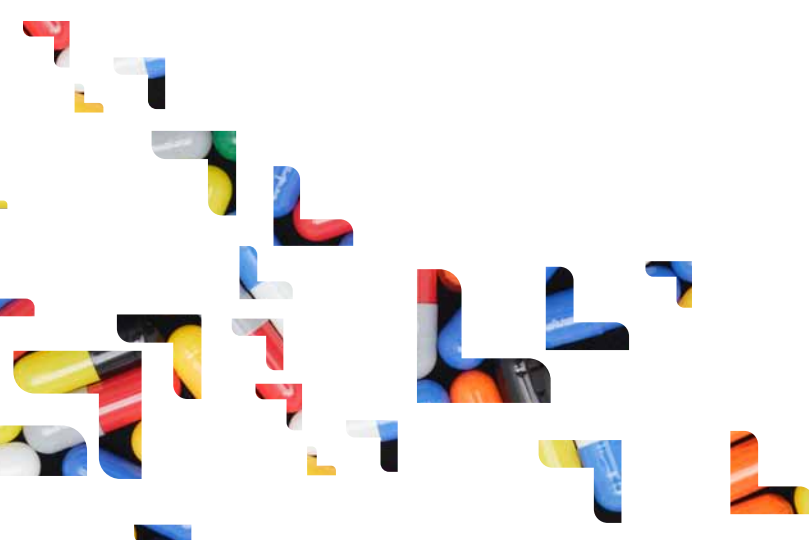
- move fast
- stay lean
- cope with the lack of internal dedicated resources whilst the organization was growing.

The Solution

For the implementation of the global software solution, a mixed project team of Basilea business experts and Lodestone consultants was formed. Work started with definition of the methodology within four months. The pilot setup was planned in parallel with the core setup and served as a proof of concept for the methodology as well as for the concepts setup in core and was realized in another four months. Finally rollout projects were executed for groups of countries in parallel. Due to the strong unified core and on the basis of a roll-out approach these parallel country rollouts could be realized within three months each. Key components of the solution include:

Methodology

- Creation of a lean, stable methodology defining all necessary deliverables, naming conventions and approvals to reach and maintain a validated status of the system
- Methodology tailored to Basilea's needs in order to keep the validation effort reasonable and ensure a controlled implementation of the complete program
- Documentation set up on the basis of a standardized approach serving also as the basis for training and support
- Methodology comprises a Change Management Process applicable for both project and production mode



**Donato Spota, Global Head of Controlling,
Steering Committee:**

„With the combination of a reusable and scalable core we are prepared to assist the business on further expansion request on short notice and to run and control all entities within global structures like a global Chart of Accounts, a single controlling area or a common cost center hierarchy.“

Coresetup

- Implementation of a fully fledged core, setting the rules and delivering the naming conventions and structures for the vast majority of all processes, master data and transactional settings – the core comprises about 85% of all needed customizing, system settings and master data structures
- Flexibility in the countries is well defined and comprises only country-specific legal requirements
- Includes interfaces to third party partners as well as to third party systems like the consolidation system
- Core includes state-of-the-art tools like SAPs New General ledger

Pilotproject

- Implementation of pilot country as proof of concept
- Includes financial and controlling functions as well as the necessary logistics processes to reflect the central production and distribution to local organizations

Roll-Out Projects

- Fast and efficient parallel setup of country organizations in the system – due to the scalable core setup it was possible to rollout the solution to nine countries within 15 months
- System was used as a main vehicle to train newly hired country staff not only in the system setup and handling but also in the processes setup and headquarter requirements like group accounting and reporting principles
- Limited testing due to strict adherence to core settings – reused functionality contained in core was not tested again formally

Systemsetup

- The existing headquarter system remained in the new live environment as a separate company code in the global production client
- By that, multiple advantages were reached
 - Online availability of legacy data in the same client
 - Ability of reporting using legacy and new data
 - Substantially reduced effort for data migration
 - Savings in one-time project costs as well as in ongoing archiving costs

The Benefits

- Creation of a centralized, common und harmonized system for all affiliates
- Support and reinforce the global organizational expansion of Basilea
- Laying the foundations for quick addition of any potential new organization with a minimum of effort on the basis of the core and the common methodology
- Improved reporting and controlling in compliance with Group reporting
- Manage global business processes through a lean system and lean internal organization
- Ability to cover global changes quicker and with less effort due to the global philosophy of the solution
- Starting point for centralization activities for better coordination and cost savings
- Common technological platform on a global basis
- Delivering harmonized global interfaces between

Karl-Heinz Merx, Global Manager ERP Applications:

„The implementation of Enterprise SAP was backing up Basilea in reaching the ambitious goal to build up nine new country organizations within only 15 months to support the accelerated launches of our products. The pharmaceutical experience and track record was a strong decision factor for choosing Lodestone and paid off since methodology architecture is reliable and proposals were sound.“

Lodestone Contribution

Program Management:

Program Management of the whole program from methodology setup to handover of local implementations after go-live.

Methodology Definition:

Definition, documentation and tool setup for validation methodology including execution during implementation phase.

SAP Implementation:

Implementation of a common SAP ECC 6.0 for FI/CO, MM, SD, PP.

Why Lodestone

Lodestone was chosen because of its deep pharmaceutical industry, business process and technology expertise combined with its well proven program, system and business performance management methods enabling Basilea to realize its goals with minimum risk.