

Summary

The key achievement of the program was to transform the organization's pharmaceutical operating model into one regionally harmonized model for their European operations. The consolidation of the ERP landscape from six SAP installations into one was a key component of the harmonization program. Additionally, a Shared Service Centre was successfully implemented to support HR and Finance business units.

The project included the harmonization of both processes and data on mySAP ERP 2004 in 2008. The first phase scope (2005 to 2008) included the UK, Ireland, Spain, Portugal, Italy, Germany and Switzerland and the implementation of a Financial Shared Service Center in Eastern Europe.

The harmonization program introduced a new and significantly different approach in methodology based on a centrally maintained ERP application (see New Methodology). This approach allowed the roll out of the core system to 8 sites within 12 months.

Additional achievements:

- Simplified and harmonized business processes inline with current best practices across Europe
- Established a regional business warehouse with standardized reporting for all departments across all functions, covering regional and global requirements
- Reduced the number of SAP systems in the region from 8 to 2 (1 for Human Resources and 1 for all other processes in the areas of Finance, Sales and distribution and Supply Chain)
- Supported the continued globalization of Technical Operations and the implementation of the new clinical, chemical, packaging, distribution and transportation strategies through the deployment of common processes within a highly networked, toll model supply chain system

By streamlining and simplifying its business model in Europe, the company is now in a better position for the future.

Harmonization of Regional ERP Operations

Corporate Story

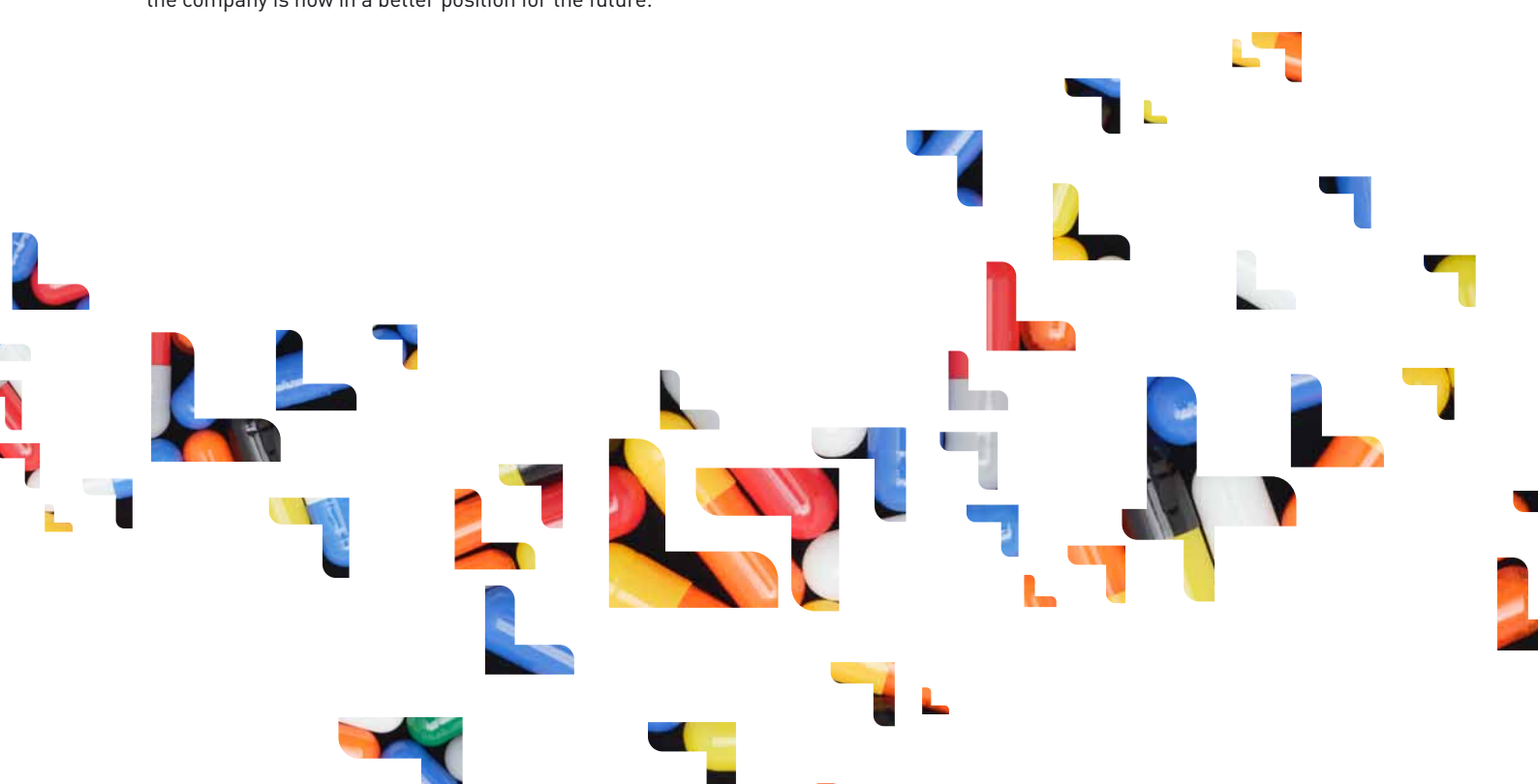
Our client is a leading multinational healthcare company with a broad spectrum of innovative medical solutions and annual revenues of more than 35 billion CHF. For more than 100 years our client has been actively involved in the discovery, development, manufacturing and marketing of unique healthcare solutions. Their approach has played a pioneering role in personalized healthcare and is providing the first products that are tailored to the needs of specific patent groups. The client's drugs include therapies for cancer, anemia, hepatitis, transplant, obesity, and influenza (including avian strains). Their Diagnostics arm offers advanced DNA tests, diabetes monitoring supplies, and point-of-care diagnostics used in a variety of health care settings.

Initial Situation

To execute the harmonized program our client introduced a new project methodology based on:

- Centralized control vs. a consensus approach
- Hybrid of best internal and external business practices
- Central template approach for all affiliates in scope
- Strong change management and communications from Steering Committee and Stakeholders

Our client's ERP landscape consisted of six independent SAP installations to support their European operations. Business processes and data were not harmonized across Europe or in compliance with the company's core business process and application standards. The result of this complicated architecture required considerable maintenance, excess effort for financial consolidation, reduced visibility between business units and redundancy in data management.



The Solution

A centralized template was developed by a core team of 250 people. Included in the group were deployment teams for the local roll-outs to each site.

The system was built centrally by a core team. Out of the 250 people in the core team, a deployment team was set up to support the local roll-outs at each site. This approach minimized business interruption and deployment costs by reducing the effort required by local sites.

The functional solution and benefits achieved included:

Sales & Distribution

- Harmonization of pricing schemas & reporting supporting improved decision making regarding prices, discounts & rebates
- Pan-European reporting and order quantity exception controls provided greater Pan-European transparency to country demand & sales data
- Improved usage of customer consignment capabilities for key accounts
- Simplification and streamlining of customer, product and pricing set-up activities through new processes and functionality
- Improved credit management processes and reporting
- Adoption of standard procedures and automation of previously manual DC compliance/control activities

Supply Chain Management

- Transparency to demand, production & replenishment plans & inventory across European operations (overlap with S&D)
- Improved batch, serial and shelf-life data tracking from manufacturing to the DC
- Harmonized master data (e.g. material master, vendor master) to reduce the maintenance effort
- Transparency to demand, production & replenishment plans & inventory across European operations (overlap with S&D)

Finance

- Integrated processes, systems and definitions significantly decreased redundant activities and improved comparability as well as decision making
- Established Shared Service Centre to deliver the "scale" allowing local units to focus on their "expertise"
- Reconciled processes to identify and eliminate those activities with too much granularity compared to the business benefit (i.e. duplication of SCC allocations)
- Harmonization of financial metrics and greater transparency of performance reporting supporting improved decision making. Harmonization of CoA, cost centre, project codes, etc

- Synchronized project planning and accounting across functions and markets supporting improved project decision making and cost control
- Tools such as mass maintenance of credit limits

Human Resource Management

- New service delivery model including Shared Service Center, focusing local organizations on added value processes
- Suppression of redundant activities by single data entry (including development of Employee Self Service) and integrated processes
- Process design supporting the new HR operating model built upon a three tiered best practice model (business partners, CoE's, administrative HR local/SSC)
- Implementation of global job lists and competency grid (integration of staffing, performance mgmt., training, etc.), developing global functions and cross border capabilities analysis
- New framework (process and tool) to support training and event management consistent for all employees and managers
- Increased effectiveness of recruitment capabilities (both internally and externally) reducing amount spent on external recruitment costs

Lodestone Contribution

- Global Program and Deployment Management
- Global Data Migration Lead and Delivery
- Integration Management Lead and Delivery
- CSV (Computer Systems Validation) Lead and Delivery
- Implementation of Finance, Sales & Distribution and Supply Chain Management processes (various team leads and members)
- Roll-out to various countries (e.g. Spain/Portugal)
- Optimization of BW implementation (BW co-lead)
- Support Organization ForWard Lead

Why Lodestone

Lodestone is a global management consultancy, committed to designing and delivering solutions that enable companies to thrive in today's complex business environment. Our extensive Life Sciences experience combined with our thought leadership and expertise in delivering innovative solutions has made Lodestone a leader in SAP enabled business transformation.