BOEHRINGER INGELHEIM

DEFINING INDUSTRY STANDARDS BY PARTICIPATING IN THE SAP® RAMP-UP PROGRAM

"Thanks to the hands-on experience we gained with SAP Ramp-Up in [serialization standards] at such an early stage, our voice carries weight on [international industry] committees."

Dr. J. Syväri, Program Manager, Supply Chain Integrity, Boehringer Ingelheim GmbH

QUICK FACTS

Company
- Name: Boehringer Ingelheim GmbH
- Location: Ingelheim, Germany
- Industry: Life sciences – pharmaceutical companies
- Products and services: Manufacture and research of pharmaceuticals
- Revenue: €11.6 billion (2008)
- Employees: 41,300 (2008)
- Web site: www.boehringer-ingelheim.com
- Implementation partner: Movilitas Consulting AG

Challenges and Opportunities
- Implement a global and centralized solution for managing and archiving serial numbers at the product level
- Increase supply chain visibility
- Comply with future legal requirements

Objectives
- Implement an exemplary, industry-wide solution within the framework of the SAP® Ramp-Up program
- Integrate all internal and external supply chain partners
- Implement a centralized database for serialization
- Integrate a track-and-trace solution with the existing IT landscape

SAP Solutions and Services
- SAP object event repository
- SAP Ramp-Up program

Implementation Highlights
- Designed and implemented solution in only 6 months
- Provided feedback on further development of the software within the framework of SAP Ramp-Up
- Integrated pilot and production sites
- Integrated the service partner into the support concept of SAP Ramp-Up

Why SAP
- Functions that cover almost all requirements
- Scalability and flexibility of software
- Certified, cross-industry standard interface
- Target-oriented support from the SAP Ramp-Up coach and the back office of the SAP Ramp-Up program

Benefits
- Improved patient safety through increased transparency in the supply chain
- Globally consistent serial numbers and standardized serialization data beyond the group and supply chain boundaries
- Seamless exchange between all supply chain partners
- Innovation leadership on the process side

Existing Environment
- SAP ERP application
- SAP Supply Chain Management application
- SAP BusinessObjects™ Global Trade Services application
- SAP NetWeaver® Process Integration offering

Boehringer Ingelheim

A big challenge facing the pharmaceuticals industry is the upcoming introduction of serialization, one good use for it being to combat product piracy. With the SAP® object event repository (SAP OER), Boehringer Ingelheim GmbH has implemented a software application that will centrally manage and archive serial numbers. During implementation, the company benefited from the SAP Ramp-Up program, which supported the speedy and smooth implementation of this innovative software. Now Boehringer Ingelheim is helping to define industry standards in this area long before it becomes a legal requirement.

Brand manufacturers in almost all industries are confronted with a dramatic increase in counterfeit products. Whereas the damage is mostly of a material nature for consumer and luxury goods, piracy in the pharmaceuticals industry takes on a more menacing dimension: the safety and health of patients are at risk if counterfeit drugs not subject to quality checks come into circulation.

Successful Block to Piracy

For some time now, legislators and the pharmaceuticals industry have been considering how the supply of counterfeit products can be reduced. One strategy that has emerged for combating product piracy is to use serialization at the product level. The process stamps each individual package with a unique and individual serial number. Similar to the chassis number that appears on a car, an individual serial number for each product can be traced throughout its entire lifecycle and across all stages of the supply chain.

Serialization is an important topic at Boehringer Ingelheim. With a turnover of €11.6 billion, it is one of the world's top 20 pharmaceutical companies and has the largest pharmaceuticals research budget in Germany: €2.1 billion. In other words, about 18% of its net sales was channeled into research and development in 2008.

Process Innovation with Serialization

Boehringer Ingelheim takes a leading role in areas other than pharmaceuticals research. The company sees itself as a pioneer in developing groupwide business processes. "From the very start, we defined serialization as a global strategic topic – the aim being to increase transparency in the supply chain, which will ultimately improve patient safety," stresses Dr. Jyrki Syväri, program manager of supply chain integrity at Boehringer Ingelheim. "It is also in line with our philosophy of dealing with future regulatory requirements at an early stage. This is the only way we can implement sustainable and well-developed solutions and processes."

The company needed a centralized, global track-and-trace platform that could be used to manage and archive serial numbers for each individual product across the entire group network. And the solution had to integrate into the supply chain management IT landscape. A local solution was not an option, as Boehringer Ingelheim has a global network of production and sales and distribution sites.

Success After Just Four Months' Implementation

Following research into market availability, a selection process was conducted during which Boehringer Ingelheim finally chose SAP OER. "SAP OER offers us just the functions we need for a global solution," explains Jens Schader, who managed the supply chain management side of the project. "What's more, it can be completely integrated into our SAP Supply Chain Management application and is highly scalable – which constitutes a key factor for the project's global reach." An added benefit is that SAP OER offers a certified, cross-industry interface, which can be used to integrate external partners into the supply chain.

After a two-month design phase, the team implemented the software within just four months. Additional support was provided to Boehringer Ingelheim by experts from Movilitas Consulting AG, an SAP partner specializing in mobility and track-and-trace

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Jens Schader, Project Manager, Supply Chain Management, Boehringer Ingelheim GmbH

solutions. As this was the first time that SAP OER had been implemented for a customer with such global reach, Boehringer Ingelheim applied to participate in the SAP Ramp-Up program. The program assists SAP customers in implementing innovative solutions that are not yet generally available but are ready for productive use. Within the framework of the program, customers are supported by an SAP Ramp-Up coach and the back office of the SAP Ramp-Up program.

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Jens Schader, Project Manager, Supply Chain Management, Boehringer Ingelheim GmbH

Product Development with Customer Feedback

"We cooperated very well with SAP in the Ramp-Up program," sums up Klaus Imig, IT project manager. "Thanks to direct contact with the developers, we received valuable support and were the first company in the industry to implement SAP OER as a global platform. The ramp-up back office provided excellent support for implementing templates. This all made implementation much quicker and easier." Conversely, SAP developers were open to suggestions from Boehringer Ingelheim. "Our suggested improvements always received a positive response. Taking part in the SAP Ramp-Up program allowed us to make direct suggestions for the road map of the new SAP software at an early stage," explains Schader. SAP took some of Boehringer Ingelheim's suggestions on board as standards for the next release of SAP OER, for example, for functions related to handling mass data and archiving data.

This was a win-win situation for all involved, as Schader outlines: "At Boehringer Ingelheim, we want a product that fulfills our requirements without the need for large-scale modifications. SAP would like to develop a product that fulfills the requirements not just of Boehringer Ingelheim but of other customers in the industry too. Using the SAP Ramp-Up program allowed us to achieve two goals at once."

A Service Partner in the SAP Ramp-Up Program

Interaction in the project team – between those responsible at Boehringer Ingelheim, the experts at Movilitas, and the SAP experts within the SAP Ramp-Up program – ran smoothly as well. "All participants communicated with each other openly and constructively. The chemistry was just right," underlines Schader. Those responsible at Boehringer Ingelheim welcomed the fact that roles were clearly defined in the SAP Ramp-Up process and that everyone involved knew exactly what he and she had to do.

"Information flowed freely between partners, the SAP Ramp-Up coach, the ramp-up back office, and us. Our implementation partner was able to integrate seamlessly into the SAP Ramp-Up process. The SAP Ramp-Up coach, a neutral supervisor, only intervened when necessary," observes Schader. Imig adds, "The role of the SAP Ramp-Up coach was ideal for us: On the one hand, he knew about the basic requirements in our industry. On the other hand, as he did not carry out any direct implementation tasks, we avoided a situation where too many cooks spoiled the broth."

Few Error Messages – Quick Processing

Imig has nothing but praise for the work of the SAP Ramp-Up coach. "As the key contact, the SAP Ramp-Up coach was a great help to us. He processed all requirements promptly and quickly named the correct contact person without any fuss if complex issues arose." A special notification procedure made sure that errors were handled with top priority. "The very few error messages that we did have were processed and resolved within a short space of time," he states.

This meant that participating in the SAP Ramp-Up program reaped dual benefits for Boehringer Ingelheim. First, targeted support from the development-oriented ramp-up back office at SAP made for a

smooth and accelerated implementation. Second, the program offered those in charge of the project at Boehringer Ingelheim the opportunity to shape the further development of the solution, in close consultation with SAP developers.

Boehringer Ingelheim regards itself as the undisputed frontrunner in business processes for the pharmaceuticals industry. "Serializing pharmaceuticals at the product level will fundamentally transform the pharmaceuticals industry. We are represented in international committees that determine future serialization standards," summarizes Syväri. "Thanks to the hands-on experience we gained with SAP Ramp-Up in this area at such an early stage, our voice carries weight on these committees. We are setting trends in the sector and are noticing that more and more companies are jumping on the technology bandwagon."

Spot-On Targets for Time and Budget

The expectations of those responsible at Boehringer Ingelheim in regard to the project were completely fulfilled. "We turned around the entire project on time and within budget after just six months, including project preparation," sums up Schader. "This was thanks to smooth and fruitful collaboration between all project members and to the fact that we were able to implement SAP OER without any large-scale modifications or delays. The quality of this solution was excellent from the very start of the SAP Ramp-Up program."

In Shape for the Future

With SAP OER, Boehringer Ingelheim has the key IT requirements for implementing the serialization of products globally in the group and across the entire retail chain. The standardized solution minimizes the implementation effort for sales and production sites and supports the exchange of serialization information between all participants. Boehringer Ingelheim believes it is well equipped for the future, as Syväri emphasizes, "SAP OER paves the way for meeting future statutory requirements and increasing patient safety."

Movilitas Consulting

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