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ASTELLAS

Reinforces the Foundation

Pharmaceutical Firm Uses SAP Upgrade as Launching Pad for New Business Initiatives

by **David Hannon**, Senior Features Editor

Since implementing SAP ERP in 2006, the timing for an ERP upgrade just never seemed right for the Americas division of global pharmaceutical firm Astellas. Despite the pressing goal of standardizing on a single SAP platform across its global regions, there were always other IT projects under way, such as adding functionality to the existing system, opening new geographies, or integrating newly acquired companies onto the IT platform.

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— **Kevin O'Toole**, CIO and Vice President of IT, Astellas US

But by 2011, Astellas' database and operating systems required an upgrade to eliminate risk to the company's entire IT landscape. "We were paying for extended maintenance of our relational database, and we were experiencing integration challenges with some of our SAP partner solutions and the version of SAP ERP we had in place, which was no longer being supported," says Anand Pattabiraman, Director of IT, SAP Service Delivery at Astellas US.

Astellas created workarounds for some business restrictions that resulted from the aging systems. For example, when Astellas held open enrollment for employee benefits, the human resources system was so overwhelmed by the volume of traffic that open enrollment periods had to be staggered, creating confusion for employees.

As the systems went off support, more customization was required to update the functionality. For instance, the time schema module of SAP ERP Human Capital Management (SAP ERP HCM) had been customized to the point that it was difficult to add new business units to the module. "With so much hard-coded logic embedded, we would update one part of it and then find out later it had a ripple effect in other areas we didn't expect," says Scott Zulpo, Senior Director of IT Operations for Astellas US.

Not surprisingly, various roles across the business were increasingly asking IT for more advanced analytics that other SAP customers were leveraging, but Astellas' SAP infrastructure couldn't support that kind of analysis.

By this time, the company's two other regions, Japan and Europe, had already upgraded their SAP environments, so the older version in the Americas business unit was impeding the company's long-term globalization plan.

"We were looking to get to the same level as our counterparts as a step toward global harmonization," says Kevin O'Toole, CIO and Vice President of IT at Astellas US. "Ultimately, we wanted to set the foundation to let the business globalize its processes."

At a certain point in 2011, this "perfect storm" of issues forced both IT and the business to jointly decide that 2012 was finally the right time to upgrade the SAP landscape.

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At a Glance

Business challenge: An aging SAP landscape and supporting architecture increased costs and risks and limited long-term globalization plans

Solution: Performed a full technical upgrade of the SAP landscape and supporting infrastructure as well as an implementation of SAP Solution Manager

Result: With the systems and infrastructure stabilized, the business is implementing new SAP solutions on top of it

First Things First

Before the IT organization at Astellas could implement the analytics and other business-facing solutions that users wanted, it first had to perform a full technical upgrade of the IT infrastructure. That meant upgrading the database, servers, operating system, and core SAP system. Astellas had been adding patches to its database and operating system for several years, but needed a full upgrade on both fronts.

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While the necessity of that technical upgrade was obvious to the IT organization, it did require internal selling to get business buy-in. "It's not always clear to the business that we have to take this step — a technical upgrade — so they can benefit from the latest functionality and new applications," says Pattabiraman. "We explained to the business that, while it might be an inconvenience at times, this upgrade is required to provide users the analytics and advanced functionality they have been asking for."

The IT organization also recommended to business leaders that the company keep the technical upgrade as a separate project from the functional upgrade. Combining the two efforts would risk project delays. By focusing on the technical upgrade first, scope creep would be minimized and the project would be more manageable.

"Our business leaders understood that the SAP upgrade was for the betterment of the company to get us to the next level," says O'Toole. "They realized the benefits of getting off of custom systems and moving to a standard environment, and they were on board with the vision of going global."

Pattabiraman emphasizes that having executive support for the upgrade project was crucial. "When we put out schedules, business people collaborated and met those deadlines," he says. "Without executive sponsorship, we could not have done that."

Partner Up

To ensure the technical upgrade went smoothly, Astellas decided to work with a systems integration partner that had experience upgrading operating systems, SAP environments, and non-SAP databases, as well as exhibited strong project management capabilities. The business selected Deloitte based on that criteria, and included Deloitte consultants on the project management team — they proved their value from the starting gate.

Company Snapshot

Astellas

Headquarters: Tokyo, Japan (global); Northbrook, Illinois (US)

Industry: Pharmaceuticals

Employees: 3,000

Revenue: $2.3 billion (US revenue)

Company details:

- Formed in 2005 through the merger of Japan's third and fifth largest pharmaceutical companies
- US business focuses on five key therapeutic areas: cardiology, dermatology, immunology, infectious disease, and urology
- Acquired OSI Pharmaceuticals, an oncology research firm located in Farmingdale, New York, in 2010
- In 2011, acquired Perseid Therapeutics, located in Redwood City, California

SAP solutions:

- SAP ERP 6.0
- SAP NetWeaver BW
- SAP SRM 7.01
- SAP Solution Manager 7.1
- SAP solutions for GRC 10.0
- SAP NetWeaver Portal 7.3

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Not Just a Technical Upgrade

While the project was specifically a technical upgrade to get Astellas' SAP landscape up to speed, there were certain functionality enhancements rolled into the project, the most significant being the implementation of SAP solutions for governance, risk, and compliance (GRC) 10.0 — a solution suite that allowed the business to move off the Virsa solution for access control capabilities and replace the manual process it previously used for tracking security and access requests.

In addition, the project included an upgrade to SAP Supplier Relationship Management (SAP SRM) 7.01 and an implementation of new SAP Solution Manager features, including change management and document management.

Last on the to-do list was an upgrade to SAP NetWeaver Portal 7.3 — with the goal of rolling out portals for SAP NetWeaver Business Warehouse and SAP SRM.

Before	After
SAP ERP 5.0	SAP ERP 6.0 EHP5
SAP Learning Solution 300	SAP Learning Solution 600
Virsa Access Control	SAP Access Control 10.0
SAP SRM 5.0	SAP SRM 7.01
SAP NetWeaver Portal 6.0	SAP NetWeaver Portal 7.3
SAP Solution Manager 7.0	SAP Solution Manager 7.1

The first step in the technical upgrade project, which was dubbed "phase zero," was hardware sizing. The team had to select hardware for the landscape that could be delivered by the time it was needed and would provide the capacity required for the future.

Also in this early phase, the project team ran mock upgrades with a copy of the production SAP data to determine where road blocks and glitches might show up. Based on those mock upgrades, Deloitte produced a playbook for the technical upgrade project that provided details and caveats for each step of the upgrade process.

"We performed a complete assessment of all the systems that integrated with SAP ERP and determined what versions they needed to be for the upgrade to work well," says Pattabiraman. The emphasis on quality assurance (QA) processes was evident from the start and continued throughout the entire project. Deloitte hosted upgrade workshops with various parts of Astellas' business and provided details on the impact and benefits the project would have on those business areas — giving guidance on where testing would be most required and how users should be trained specifically. (For more information on the crucial role Deloitte played, refer to the sidebar at the end of the article.)

With the mock upgrades complete and a clear playbook for the upgrade project in hand, Astellas had a much higher degree of confidence about the final go-live than it had when the project initially kicked off. "We approached the upgrade project the correct way," reflects O'Toole. "We were very diligent in setting up our timeline, and we picked what we deemed the best provider to get us through it quickly."

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Fruits of the Labor, Present and Future

Since the go-live for the technical upgrade in August 2012, Astellas has experienced greatly improved system performance. "As a benchmark, this year, we supported open enrollment without any problems," says Pattabiraman. "We have been able to remain compliant and keep all the components of the landscape current, and most importantly, the system is now scaled for future growth."

Several functionality enhancements have helped prove the value of the technical upgrade to business users. "For example, the enhancements to automate security access and role approvals, which SAP solutions for governance, risk, and compliance (GRC) 10.0 provide, will make both IT and the business more efficient and help in completing compliance requirements," says Pattabiraman.

SAP Solution Manager enhancements have improved the IT organization's processes and system stability. "By implementing the new change request management functionality of SAP Solution Manager, we can organize and manage our changes into maintenance cycles and approve all development work before any work actually begins in the system," he says. "This capability provides complete visibility throughout the whole process and keeps our development environment clean, ensuring only authorized or approved work is being carried out in the development environment."

The IT team can also review deliverables and approve changes for promotion to the QA environment in an automated method using SAP Solution Manager, eliminating the need for email approvals.

The system's stability and performance has won the approval of business users in at least one way, according to O'Toole, and that has come in the form of silence. "Most often, IT hears about problems after go-live, so one of the biggest pieces of praise that IT can get is to hear nothing," he says. "Because this upgrade's go-live was so smooth, I don't think people understand the magnitude of what we pulled off in such a short amount of time. That's a real compliment to the Astellas team and to the Deloitte team."

However, business users do realize that this upgrade has made the move to new technologies like SAP HANA and SAP BusinessObjects solutions a much more realistic option. And the strong project management framework required to perform the technical upgrade will undeniably serve Astellas well in future projects. ■

No Stone Left Unturned

Astellas' Ramp-Up to an On-Time SAP System Upgrade

Deloitte is widely recognized as a leader in SAP strategy and implementation for the global biotechnology, pharmaceutical, and medical device industries. From business case development to system design, configuration, and testing and development, Deloitte practitioners are known for bringing a combination of practical experience and strategic insight to their engagements.

When Astellas was looking for an upgraded IT platform for its North American businesses to support future growth and expansion, it tapped Deloitte. The pharmaceutical firm's onsite and offsite teams used Deloitte's proprietary tools to assess how the upgrade would impact Astellas' current SAP environment and to provide a blueprint for the complex project. From there, leaders at Astellas were able to more tightly focus their testing, remediation, and training activities, as well as prepare business users for the project cutover. Deloitte used its upgrade methodology and accelerators for the SAP ERP and database upgrades and the operating system migration. Deloitte team leaders even conducted a mock upgrade and developed a playbook to help ensure a smoother, on-time system cutover and go-live launch. No stone was left unturned.

Plus, Deloitte established a program management process and framework to meet aggressive milestones and deadlines. Along the way, Deloitte team members worked collaboratively with Astellas, taking the time to learn the company's culture and processes.

Deloitte's SAP Upgrade practice can help companies determine the scope, complexity, and resources to gain real business value from their technology investment. Plus, the practice can help tackle big challenges, such as SAP HANA migrations, to help reach higher levels of performance and business productivity.

To see how Deloitte's combination of strategic vision and hands-on experience could be of use in your next SAP initiative, visit **http://www.deloitte.com/sap**.

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