



SPIMACO

PHARMACEUTICAL COMPANY IMPROVES QUALITY MANAGEMENT WITH SAP® ERP

“All users are happy now because we are using SAP software for quality management.”

Saleh Al-Sagabi, IT Director, Saudi Pharmaceutical Industries & Medical Appliances Corporation

QUICK FACTS

Company

- Name: Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO)
- Location: Buraydah, Al-Qassim, Saudi Arabia
- Industry: Life sciences
- Products and services: Pharmaceuticals and medical appliances
- Revenue: US\$200 million
- Employees: 1,000
- Web site: www.spimaco.com.sa

Challenges and Opportunities

- Replace legacy systems that were unable to meet growing business needs
- Comply with industry regulatory requirements
- Eliminate redundant information
- Use existing resources to effectively improve efficiency and productivity

Objectives

- Integrate all supply chain processes
- Remove bottlenecks in legacy systems

SAP® Solution and Services

SAP® ERP application, including quality management functionality

Implementation Highlights

- Benefited from great management support
- Implemented by highly motivated team
- Used existing resources effectively
- Completed project on time

Why SAP

- Powerful solution supporting complete integration of the supply chain
- Best business practices for the life sciences industry

Benefits

- Productivity increase of at least 20%
- Decreased maintenance costs
- More reliable and accurate information
- Better handling of compliance standards
- Reduced printing and distribution costs through online information
- Automated business processes, enabling faster decision making and increased efficiency
- Improved service levels with customers and suppliers

Existing Environment

SAP ERP

Third-Party Integration

- Database: Microsoft SQL Server 2005
- Hardware: HP ProLiant DL760
- Operating system: Microsoft Windows 2003 Advance Server SP.1 R2

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Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO), based in Al-Qassim, Saudi Arabia, has been growing day by day. To support continued growth, the company needed flexible quality management software that could support the business sectors SPIMACO wanted to add. By implementing the quality management functionality of the SAP® ERP application, SPIMACO was able to remove the bottlenecks that were present in the legacy system by integrating all supply chain processes with each other.

Quality Management Bottlenecks in a Highly Regulated Environment

SPIMACO manufactures over 200 drugs that generate annual revenues of around US\$200 million. Because it's a pharmaceutical company, SPIMACO has to follow stringent quality regulations that affect all its business processes. Although SPIMACO was already applying high quality standards to its processes, it wanted to implement the best business processes in its industry. To meet this challenge, the company was using a quality management application developed in-house, but its limited functionality constrained the efforts of SPIMACO's employees to work efficiently. "When goods were received in the company's warehouses, the data was not automatically transferred to our sample management and our other applications," says Moin Ul Haq, business application manager at SPIMACO, "but with SAP, this process is all automated – so we love it."

The legacy quality management application also presented additional challenges. Because the old application was stand-alone, it did not interact with

SPIMACO's other applications. This lack of integration resulted in duplicated data and a lot of redundant information – something that SPIMACO wanted to avoid.

Looking for Powerful Integration

SPIMACO started to look for new quality management software that met its requirements and could support continued growth. "We evaluated some vendors, but their software was missing integration and couldn't meet our internal requirements. SAP was the most suitable vendor," states Saleh Al-Sagabi, IT director at SPIMACO. "We selected SAP software for its powerful integration with all supply chain processes and because SAP has adopted the best business practices for our industry." SAP ERP had the quality management functionality that SPIMACO was looking for. The application would enable SPIMACO to integrate quality management with its other applications, use the company's existing master data, and support aspects of operations such as calibration management, stability studies, and digital signatures.

As the project got under way, the SPIMACO team members who were knowledgeable about quality management started by defining the company's existing business processes in their areas. SAP consultants then helped the SPIMACO experts to develop a business blueprint that would serve as the basis for newly configured business processes.

Because SPIMACO wanted to ensure that its users would accept and adopt the new application, the team involved them in the testing phase of the project. Users tested all the new processes, and the company's process validation team used predefined validation protocols to make sure the new solution satisfied the company's requirements.

The project – which was completed on time – owed its success to several key factors. The company's management provided excellent support throughout the process. The team itself remained highly motivated. And finally, the team worked efficiently by making good use of existing resources.



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Accurate, Reliable, and Timely Information

Today, because of its wide scope, the quality management software is employed in almost all business areas of the company. According to Al-Sagabi, “The best business practices of the quality management functionality have helped our users to automate several business processes, which has ultimately increased their efficiency and has broadened their knowledge of supply chain processes.”

The integration provided by SAP ERP has given SPIMACO visibility into its operations. “What used to be just a dream a few years ago, SAP ERP has

The visibility of information helps to ensure SPIMACO complies with regulations. All inventory information up until the final product release is available for authorized users, and all changes are recorded in a traceable audit trail. Because of the security measures in SAP ERP, all transactions related to the product quality comply with good manufacturing practices.

“We are fully satisfied with the performance of SAP in our day-to-day business,” says Al-Yousif. “It has enhanced the productivity of the division along with ensuring the regulatory compliance that is the essence of the quality department.”

“Fortunately, we could implement the standard solution here without any need for add-on solutions. We’ve already been live for three months, and things are going very well.”

Moin Ul Haq, Business Application Manager, Saudi Pharmaceutical Industries & Medical Appliances Corporation

made a reality by providing integrated information about quality planning, testing and inspections, test equipment management, and sampling of raw and packaging materials,” says Ibrahim Al-Yousif, quality service director at SPIMACO. “It enables end users to access real-time information such as the history of material devices, the status of manufactured products, data for annual review, and trend analysis of quality attributes and batch yield.”

SPIMACO has reaped other benefits from SAP ERP and its quality management functionality. The software has enabled SPIMACO to eliminate redundant information that resulted from the company’s unintegrated legacy software. SAP ERP mainly uses the master data of other applications, which improves the accuracy of SPIMACO’s information tremendously. “The software has a well-controlled audit trail available for most business processes,

which is quite transparent and easily traceable. These features have made the information more accurate and reliable,” states Al-Sagabi. “Due to powerful security and integration arrangements, users cannot easily manipulate the information and this restriction has increased the reliability of the stored information.”

Eliminating Manual Records and Meeting Standards

After implementing SAP ERP, SPIMACO no longer needs to use manual records. Moreover, by automating its quality management processes and by eliminating nonproductive activities, SPIMACO has increased productivity by at least 20%. In addition, by supporting digital signatures, the implementation has resulted in information that is constantly available online. “Our industry has a lot of regulatory requirements,” says Ul Haq, adding that all in-house quality approvals are completed using digital signatures. The availability of information online has also reduced printing and paper costs.

SPIMACO also profits from other functionality in SAP ERP. As a pharmaceutical company, SPIMACO has to ensure that its test equipment is calibrated according to regulated standards, a goal it can meet using SAP functionality that supports calibration. “Fortunately, we could implement the standard solution here without any need for add-on solutions. We’ve already been live for three months, and things are going very well,” says Ul Haq.

Improved Ecosystem Relations

Implementing the SAP software has also enabled SPIMACO to greatly improve its interactions with suppliers. For example, the company has introduced a new way to evaluate suppliers. SPIMACO now rates the performance of its suppliers each year based on scores that reflect, for example, how many delivered goods had to be rejected because of poor quality. "The information we get directly from SAP ERP helps us to build good relationships and explain to our suppliers what we need and what they should do in future to avoid any failure in quality," says UI Haq.

When it licenses new pharmaceutical products, SPIMACO has to comply with demanding regulatory standards. To make the licensing process easier – and show its colors as an innovator – SPIMACO became the first company to fully implement the SAP functionality that supports stability studies. By deploying the new functionality, SPIMACO can use SAP ERP to determine the shelf life of its products. "We implemented this functionality in record time, and people are happy using it," says UI Haq. Al-Sagabi points out, "It was a really smooth project, and it works now."

Getting Ready for the Future

Now that SAP ERP is running smoothly, SPIMACO is introducing the SAP Product Lifecycle Management application, and the company is currently implementing the software's document management functionality.

In the near term, SPIMACO plans to upgrade its SAP ERP implementation to the latest release. And it has other plans for SAP software. Says Al-Sagabi, "We are planning to deploy portal functionality so that our remote users and business partners can make the best use of the system." He adds, "We are also evaluating SAP software for use in the dispensing system that provides materials to our production departments. Due to the nature of our business, we need a well-controlled dispensing system that can be integrated with our SAP software and also fulfill the regulatory requirements."

With its eye on the future, SPIMACO is thinking about extending its use of the SAP financials software by implementing a new general ledger. The company is also evaluating the SAP Environment, Health & Safety application. Already benefiting from its decision to implement SAP ERP, SPIMACO now looks forward to continuing its impressive growth and supporting its business goals with SAP software.

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